

# The NATIONAL UNDERWRITER

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## Lull In Treasury's Attack On Financed Plans Called Brief

**Will Last Only Till Main  
Revenue Reform Aims Are  
Won, Says AALU Counsel**

NEW YORK—No one should be lulled into a sense of false security

about the administration's attitude toward the income tax deduction for financed life insurance plans or other matters that the Treasury regards as loopholes, Leonard L. Silverstein of Silverstein & Sherman, general counsel and executive directors of Assn. for Advanced Life Underwriting, warned at the luncheon session of the AALU seminar held here this week.

Merril P. Arden, general agent here for National Life of Vermont and chairman of the seminar committee, presided.

Mr. Silverstein said the administration and the Treasury people have not given up in their efforts, but are waiting until they get the main tax reform objectives lined up and achieved. But if over-all tax reform comes in, the secondary objectives like interest on financed life insurance and the reinstatement of the payment-of-premiums test for estate tax liability will be one of the "essential planks" in any program.

Mr. Silverstein said that underlying the entire tax reform program is the administration's feeling that something has to be done about lessening the discrepancy between the nominally high tax rates applicable to high income taxpayers and the much lower rates that they actually pay, a situation that has made income tax deductions "a commodity in the marketplace."

One of the things that is likely to be

(CONTINUED ON PAGE 2)

## Alaska's Ordinary Gains Lead States In Sept. And Year

Alaska's ordinary sales in September showed the largest percentage increase of all the states. Delaware was in second place and Tennessee and District of Columbia tied for third. The respective percentage gains were 27%, 16% and 13%.

Alaska also led in percentage increase in ordinary sales for the first nine months of 1961, with a gain of 23%. Arizona took over the second place spot with a boost of 13% and District of Columbia was in third with an 11% gain.

## N.Y. LEGISLATIVE COMMITTEE TOLD

## Laws Needed To Safeguard Life Companies Buying Fire Insurers

No thoughtful argument can be advanced in support of the right of life companies to write fire and casualty lines through a subsidiary without first establishing adequate legislative standards protecting the solvency of the parent company and the safety of its policyholders, Superintendent Thacher of New York emphasized during the course of the hearing of New York's joint legislative committee on insurance rates and regulation.

Mr. Thacher pointed out that the majority opinion in the Connecticut General case left in the superintendent's hands the right to refuse to renew the license of an insurer after the subsidiary has been bought. It is this provision that has led some observers to see the ruling as a hollow victory for Connecticut General.

The provision "imposes a serious administrative burden on the insurance department—a burden which would be alleviated by more meaningful standards," Mr. Thacher said.

"Without them, there is a real danger of erosion of the New York concept that a life insurer should not be permitted directly or indirectly to do business which is not related to the business of insurance on human lives."

Facing the state legislature are two questions posed by the Connecticut General ruling. Should clarifying legislation be passed to regulate the acquisition of fire and casualty companies by out-of-state insurers? And should the New York state restriction against such acquisitions by domestic companies be lifted?

"In approaching this problem, it seems to me that the legislature should begin with first things first," Mr. Thacher suggested. "It must first consider public policy with respect to the scope of permissible distraction from the essential business of life insurance that can be permitted in the case of a domestic insurer. When that is done, it should be a simpler task to delineate the reach of New York's re-

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## Tex. Asks Companies To Report On Their Replacement Conduct

AUSTIN—Commissioner Harrison has requested all companies licensed in the state to write life insurance to submit to the state board a copy of their rules and regulations on the subject of replacements. If a company does not have such an established policy, the department wants to know this too.

The complete bulletin, dated Oct. 24, 1961 and designed as a supplement to one issued Dec. 12, 1958, is as follows:

### Complete Bulletin

"It has come to my attention that most licensed agents in the state of Texas solicit the replacement or other change in an existing life insurance contract only after the agent has presented to the prospect a written proposal, signed by the licensee, setting forth all the facts, including a clear and concise statement of the advantages and disadvantages in making the replacement or change.

"At least one life insurance company licensed in Texas is requiring each of its agents to submit a statement answering certain questions with every policy application involving the replacement of existing insurance.

"The commissioners of several states have recently issued orders or adopted regulations requiring agents to provide prospects with a written comparison and other material. These orders and regulations require the agents to retain copies of the material for specified periods of time for inspection by the insurance departments and place upon

(CONTINUED ON PAGE 4)

## Ill. Life Agents Put Stress On Legislative Action

**Strength Comes From  
Bottom Up, Krueger  
Tells Peoria Rally**

By WILLIAM H. FALTYSEK

Illinois Assn. of Life Underwriters "hasn't got a Chinaman's chance of ever doing a job" in getting its proposals through the legislature "unless we take a different attitude than in the past," Gerhard C. Krueger, Equitable Life of Iowa, Chicago, and co-chairman of the association's law and legislative committee, warned in his report at the midyear meeting in Peoria last week. He was referring to lack of sufficient participation at the local level relative to a "grass roots program" being fostered at state association level to reach the ears of the various legislators.

### Visited Major Cities

In the past year it was demonstrated beyond all doubt that the state association has come up with a good nucleus in matters legislative, but the tail now needs a dog to wag, or vice versa. Through the state body, a "caravan" of members visited all major cities in Illinois last February and March, explaining to the local associations the need for individual members to apprise the state association of their degree of acquaintanceship with state legislators and the governor. Thus, with such "grass roots" connections, the state body could marshal its forces almost on a moment's notice, should the need arise, and personal contact with the legislators could be made in their own "back yard."

While the program has borne fruit in many areas, over-all response has not been overwhelming, Mr. Krueger noted. The problem seems to be to get the members to read and act upon the material sent out by the state association.

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## Speakers List Set For HIA Individual Forum, Nov. 13-15

The program has been completed for the individual forum of Health Insurance Assn. of America at Philadelphia, Nov. 13-15.

Following the keynote address by HIA President H. Lewis Rietz, Great Southern Life, on Monday, there will be a panel on continuance of coverage. Panel moderator will be D. B. Alport, Business Men's Assurance, vice-chairman of HIA's individual insurance committee. Participants and their topics will be O. C. Yuerhs, Farmers & Traders Life, issuance of guaranteed renewable health insurance for life; W.

(CONTINUED ON PAGE 4)



National, state and local presidents at the Illinois association, reception. From left: John R. Gallagher, district manager Metropolitan Life, Joliet, president of the Illinois association; R. L. McMillon, manager Business Men's Assurance, Abilene, Tex., NALU president; Lester O. Schriver executive vice-president of NALU, and Leonard R. Nelson, assistant general agent Lincoln National Life, president of the Peoria association.

## Soundness Of Operation Emphasized In New D.C. Variable Annuity Rule

Superintendent Jordan of the District of Columbia department has issued new regulations under the variable annuity law enacted last year. The new rules deal primarily with the soundness of companies preparing to write variable annuity business in the district and the continued reliability of companies after having obtained a license to write variable contracts.

No company, the ruling states, will be permitted to issue or deliver variable annuities in or from the district until it has satisfied the superintendent that its condition and method of operation will not be hazardous to the public. In determining a company's qualifications to sell variable annuity business in the district, the superintendent will take into consideration such related matters as past performance, present financial condition, fitness of officers, and in the case of out-of-district companies, whether the laws of their domiciles provide protection equal to that of the district.

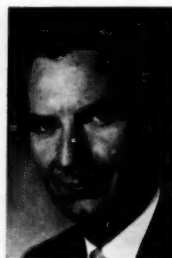
The regulation also provides that companies issuing variable annuities continue operating in a sound manner, and if a company does not, the superintendent can withdraw its authority.

## Loyal Protective Names Splitgerber Agency V-P

Roland J. Splitgerber has been appointed vice-president and director of agencies of Loyal Protective Life. He joined the company at Los Angeles in 1946, and in 1952 he became a field supervisor. Two years later he started a general agency in Southern California.

In 1956 Mr. Splitgerber became superintendent of agencies, and later he was made 2nd vice-president with agency development responsibilities. In 1960 he was appointed 2nd vice-president and director of agencies.

Mr. Splitgerber is presently on the health insurance training committee of LIAMA.



Roland Splitgerber

## Sears Denies Conflict Of Interest Charge; Pension With Insurer Questioned

Commissioner Sears of Maryland has denied in court that his pension from Great American group of companies constitutes a conflict of interest. The commissioner's denial is a reply to a taxpayers suit brought by Hyman A. Pressman demanding that the commissioner resign his post.

The commissioner in his reply said that the suit fails to set forth any relationship between the commissioner and his former company that would constitute any interest on his part. Mr. Pressman has charged that the commissioner "has an interest in the financial success of the Great American Co. for the reason that if said insurance company prospers, there will be more likelihood that the defendant will continue to receive his full pension benefits or that his benefits will increase."

Hearing on the demurrer will probably take place in about two weeks.

## N. Y. CITY CLU CHAPTER MEETING

# Math Formula To Determine Wisdom Of Replacing Is Shown

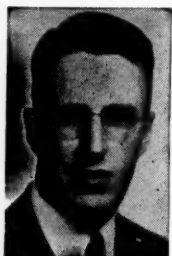
By ROBERT B. MITCHELL

NEW YORK—A formidable looking mathematical formula for use as an aid in determining the wisdom of replacing an old policy with a new one was unveiled at the panel discussion on the replacement problem that preceded the annual conferment luncheon of the New York City CLU chapter.

The formula, reproduced on this

edly or lightly, but discreetly, soberly and with the aid of a competent and experienced actuary."

As to what interest rate should be used for the "outside investment fund in applying the formula, Mr. Moorhead said it should be that of an essentially riskless investment and should be after income taxes. He pointed out that the term "riskless" limits investments not



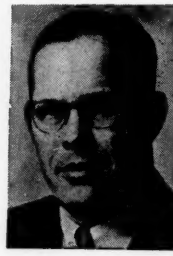
E. J. Moorhead



Spencer L. McCarty



A. Leslie Leonard



Edmund L. Zalinski

page, was used by one of the panelists, E. J. Moorhead, actuary of New England Life, in his presentation. He emphasized, however, that there is more to such a decision than just mathematics.

The other panelist, Spencer L. McCarty, Provident Mutual, Albany, managing director of New York State Assn. of Life Underwriters, discussed the replacement problem primarily from the field man's point of view. Robert B. Mitchell, executive editor of THE NATIONAL UNDERWRITER, was moderator.

The luncheon speaker was Edmund L. Zalinski, executive vice-president of Life of North America.

Mr. Moorhead said a 10 year comparison was about as long as could be sensibly made. As for using the policyholder's so-called life expectancy, "a period hallowed by its enshrinement in the New York insurance law," he said it is not a period one would use on any grounds of significance or convenience or even of definiteness. His purpose in exhibiting the mathematical formula, he said was "merely to convey a recognition that a mathematical process does exist, but one that in the words of the marriage service is not to be entered into unadvis-

just to those that are safe from loss of principal but, just as important, to those that are immune from being refunded if interest rates decline.

"Note also that the requirement that income tax be deducted is not only appropriate but incidentally dramatizes the seriousness of bringing the cash values out from the shelter of the policies in which they grew up into the cruel bleakness of exposure to current taxability," he observed. "I doubt that a net interest rate of more than 2 3/4% in these calculations can generally be justified when proper weight is given to the 'riskless' and 'after income tax' provisions."

As respects comparisons of dividends on new and old policies, Mr. Moorhead said that since dividend estimates are illegal and unobtainable the dividends to be used are current scale illustrations on both old and new policies.

"The complaint has been voiced that the agent is effectively prevented from making complete comparisons by the unavailability of dividend figures on old policies," he said. "This I believe to be an erroneous charge. My own company, for example, equips its agencies with current dividend scale information

(CONTINUED ON PAGE 20)

$$t+nV'_x - (P'_x \cdot u_{x+t} - \sum_{r=1}^n t+r d'_x \cdot \frac{D_{x+t+r}}{D_{x+t+n}}) <$$

$$tV'_x + (1-10^{-3} tV'_x) nV'_{x+t} + i \cdot tV'_x (n-1 u_{x+t+1} + 1)$$

$$- (1-10^{-3} tV'_x) (P'_{x+t} \cdot u_{x+t} - \sum_{r=1}^n r d'_{x+t} \cdot \frac{D_{x+t+r}}{D_{x+t+n}})$$

Mathematical formula for determining whether replacing an existing policy would probably work out to the policyholder's benefit: Valued at the end of the period chosen for observation, using select mortality and an essentially riskless interest rate decreased by income tax for the "outside" investment fund, the cash value of the replaced policy at the end of the period less the net premiums (after deducting dividends) payable during the period must be less than the cash value released at replacement plus the cash value of the replacing policy at the end of the period plus interest on the cash value released at replacement less the net premiums (after deducting dividends) on the replacing policy. It seldom is.

In this comparison the face amount of the replacing policy equals the face amount of the replaced policy less the cash value released at replacement. The formula was exhibited by E. J. Moorhead, actuary of New England Life, in his presentation as a panelist at a discussion of the replacement problem before the annual conferment luncheon of the New York City CLU chapter.

## McMillon Will Head NALU Company-Field Liaison Committee

WASHINGTON—President R.L. McMillon will head the NALU company-field relations committee for 1961-62, succeeding William E. North, New York Life, Evanston, Ill., immediate past president of NALU, who will continue as a member of the committee.



R. L. McMillon

Others named to serve on the committee are NALU

Vice-president David M. Blumberg, Massachusetts Mutual, Knoxville, Tenn., Harry K. Gutmann, Mutual of New York, New York City, Spencer L. McCarty, Provident Mutual, Albany, managing director of New York State Assn. of Life Underwriters, Robert B. Pitcher, John Hancock, Boston, Arthur F. Priebe, Penn Mutual, Rockford, Ill., Grant Taggart, California-Western States Life, Cowley, Wyo., and Frank H. Wenner, Connecticut Mutual, Utica, N.Y.

The committee was established about a year ago to confer with a similar company representing Life Insurance Assn. of America and American Life Convention on problems of joint interest to the companies and the field.

## Lull In Treasury's Attack Called Brief

(CONTINUED FROM PAGE 1)

moved against is the stock option, particularly the restricted stock option, he said.

Touching on the increasingly aggressive efforts of the legal profession to shut laymen out of anything having the slightest color of law practice, Mr. Silverstein said that AALU members can function for the benefit of the insuring public only if they can maintain complete freedom to perform their duty to their clients free from dominance of any institution or from undue restriction from any person or established profession.

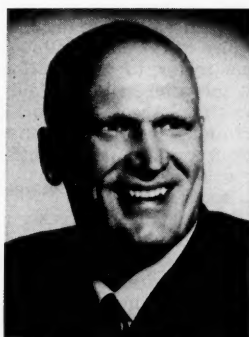
## Boundary Is Shadowy

"Throughout the years," he said, "the legal profession has, entirely appropriately, sought its own form of insurance, making it clear that the practice of law can be performed by lawyers alone. Obviously in many areas—of which the life insurance field is only one—the boundary line between development of necessary data and the application of the law to the data becomes a shadowy one. I think it is fair to state that no AALU member has any interest or desire to practice law as such.

"The task that an AALU member must insist upon performing is fulfillment of his responsibility to his clientele—making them aware of the need for insurance protection in specific circumstances and of the most advantageous manner in which this protection can be utilized by the client. In performing this task some knowledge of the law is essential, if for no other reason than to enable the insurance expert to more adequately make the client aware of the need for insurance and of its application in given factual circumstances."

Other talks at the seminar will be covered in next week's issue.





C. JEROME MOORE

Santa Ana, California  
September 21, 1961

Mr. Eric Joel, General Agent  
Franklin Life Insurance Company  
Santa Ana, California

Dear Eric:

A member of Franklin's top production and honor clubs, Jerry Moore had no sales experience prior to joining Franklin in 1955. In his first full year he earned over \$7,000.

Here is the record of his earnings as reported to the Internal Revenue Service.

1956	\$ 7,174.15
1957	12,026.83
1958	13,063.07
1959	14,935.58
1960	15,597.29



Thanks, for making possible the wonderful five years that I have recently completed with Franklin Life.

When I think back on my previous work as a plasterer, I recall vividly how frustrated I was because I could see no future in that work. I wanted to be in business for myself.

When you first talked to me about the wonderful opportunities in the life insurance business I was dubious—but, when you explained the magic appeal of the President's Protective Investment Plan and the other "Franklin Specials" I was convinced. I realized I would finally be in a position where no one would tell me when I could work, where I could work, how much my time was worth per hour, nor, how far I could grow in personal accomplishment. The Franklin agent's franchise opened up these opportunities for me.

I found Franklin merchandise to be most acceptable to the insuring public, but even more gratifying is the persistency. I have been honored with the National Quality Award for the four years for which I was eligible. My clients are proud of what they own and anxious to tell their friends.

The philosophy of President Chas. E. Becker, "Specialization Spells Success," has enabled me to anticipate earnings in excess of \$18,000 in 1961. By reasonable projection of future earnings, I expect an annual income of \$25,000 or more within the next four years.

Most gratefully,  
Jerry Moore



*The Friendly*  
**FRANKLIN LIFE INSURANCE COMPANY**

SPRINGFIELD, ILLINOIS / DISTINGUISHED SERVICE SINCE 1884

The largest legal reserve stock life insurance company in the world devoted exclusively to the underwriting of Ordinary and Annuity plans.

Over Four Billion Dollars of Insurance in Force

## Monthly List Of Bid Prices For Insurance Stocks

The following quotations on insurance stocks are furnished by Cartwright, Valleau & Co., Board of Trade Building, Chicago—the firm of stock brokers specializing in insurance stocks. The prices shown are the closing bid prices in the professional market at Oct. 31, along with comparable figures for Dec. 30, 1960 and June 30, 1961.

	12/30	6/30	10/31
Aetna Casualty .....	96	129	152
Aetna Fire .....	91½	111½	125
Aetna Life .....	97½	119½	146½
Agricultural .....	31¼	32¾	36¼
All-Amer. Life & Cas. ....	8	14½	18¾
Am. Equitable .....	19½	22¼	22¾
Am. Fid. & Cas. ....	12	15	27
Am. General .....	30½	61	74½
Am. Heritage Life .....	6¾	10½	14¾
Am. Home .....	41	54	60
American, N. J. ....	27¼	31	29¾
Am. Life Cos. ....	8	8¾	11½
Am. Motorists .....	17	20½	27½
Am. National .....	7½	11¼	18¾
Am. Re-Ins. ....	41	53	68
Am. States .....	21½	23¼	26¼

	12/30	6/30	10/31
Bankers Natl. Life .....	22	40	52
Bankers & Shippers .....	54	57	63
Benef. Std. Life .....	15½	33½	46½
Boston .....	31½	35¼	44½
B.M.A. ....	31½	71	89
Cal.-Western States .....	44½	76	99
Camden .....	32½	38½	38½
Central Std. Life .....	16½	19½	29
Citizens Cas. ....	8¾	14	17½
Citizens Life .....	10¼	24	33½
Coastal States Life .....	16	19	23
College Life .....	52	86	116
Combined .....	24½	44	59
Commonwealth Life .....	21	39	58½
Conn. General Life .....	200	228	302
Contin. Am. Life .....	28½	35¾	68
Continental Assur. ....	120	162	182
Continental Cas. ....	68¾	106	108½
Continental Ins. ....	56½	58¾	63
Corroon & Reynolds .....	15	16¾	18
Criterion .....		40	45½
Crown Life .....	112½	205	285
Crum & Forster .....	36	47½	49½
Eagle Fire .....	2¾	5¼	3¾
Eastern Life .....	28¾	41	129
Employers Group .....	39¼	49	54¼
Empl. Reins. ....	61½	62	72
Farmers Und. Assn. ....	42	53½	63
Federal .....	57½	69¼	71½
Federal Life & Cas. ....	73	79	118
Fidelity Bankers Life ...	8	10½	16½
F. & D. ....	43¾	57	67½
Fireman's Fund .....	53¾	66¼	67½
Franklin Life .....	61½	102¼	124½
Gen. America Corp. ....	157	191	247
General Reins. ....	121	130	182
Glens Falls .....	39¼	41	45¾
Government Empl. ....	89	128	114

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## Asks Companies To Report On Replacement Rules

(CONTINUED FROM PAGE 1)

the companies the responsibility for seeing that their agents and brokers comply.

"Although the Texas insurance code does not grant the commissioner the authority to promulgate such an order or regulation, the procedure of furnishing written comparisons seems to be logical and desirable in the interest of the policyholders in the state. Accordingly, hereafter in determining whether or not there has been compliance with article 21.07-1, section 12 (a) (8) and article 21.21, section 4 (1), Texas insurance code, the existence or non-existence of a written comparison will be significant.

"Each company licensed to write life insurance in the state of Texas is hereby requested to submit to the state board of insurance a copy of its rules and regulations on this subject. If a company does not have an established policy, please so signify by letter. If rules and regulations are subsequently adopted, please send a copy to this office. Your prompt compliance with this request will be of material assistance to this department."

The bulletin of Dec. 12, 1958, read as follows:

"It has come to the attention of the state board of insurance that some Texas life insurance policyholders have been induced to forfeit, surrender or lapse existing life insurance policies and to replace them with others of different form. Frequently, policyholders pay substantial portions of cash surrender values realized from lapsed policies as fees for advice which induces them to replace policies.

### Contractual Rights Told

"In substituting a new policy for an existing contract, insured stands to lose any valuable contractual right that exists in the old policy but does not exist in the new policy, such as: (a) Settlement options (particularly as to the interest option and life income option); (b) guaranteed interest rate on the cash value; (c) accelerated rate of increase in cash value (which rate usually increases with the policy period); (d) premium rates (both as to amount and period of payment); (e) any existing disability income clause, and (f) completion of the incontestable period.

"Article 21.07-1, section 12(a) (8) of the Texas insurance code provides that an agent's application for license may be denied or a license may be suspended or revoked if the applicant for or holder of a license has made or issued any statement misrepresenting or making incomplete comparisons of policies for the purpose of inducing or attempting to induce the owner of a life contract to forfeit, surrender it, or allow it to lapse for the purpose of replacing such contract with another.

"Section 1 of article 580b of the penal code of Texas provides that no life, health or casualty insurance corporation, including corporations operating on the cooperative or assessment plan, mutual insurance companies and fraternal benefit associations or societies, and any other societies or associations authorized to issue insurance policies in this state or any officer, director, agent or representative thereof, or any other person, shall make any misleading representations or incomplete comparison of policies, or certificates of membership to any person insured in such corporation, association or society,

## Speakers List Set For HIA Individual Forum, Nov. 13-15

(CONTINUED FROM PAGE 1)

G. Alpaugh Jr., Inter-Ocean, issuance of guaranteed renewable over age 65, and G. T. Delahunty, All American Life & Casualty, voluntary restriction of right to non-renew because of deterioration of health. The panel will be followed by a period of discussion from the floor.

Paul M. Hawkins, HIA counsel, will report on the first session of the 87th Congress and discuss prospects for the second session.

### Connecticut Pool

Accomplishments of the Connecticut pool to provide broad health coverage for the elderly will be covered by William N. Seery, Travelers, chairman of the executive committee of the associated Connecticut health companies. Title of his talk will be "A Major Breakthrough in Voluntary Health Insurance."

At the luncheon on Tuesday, Roger Flemming, secretary-treasurer and director of the Washington office of American Farm Bureau Federation will speak on "Making the Choices that Count." Peter J. Burns, New York Life, chairman of the individual insurance committee, will preside at the luncheon.

On Wednesday morning, Harold J. Cummings, Minnesota Mutual Life, will discuss financial hazards and the role insurance can play in removing them.

The three-day forum will also include committee meetings and workshop sessions.

### McNamara Out Of Hospital

Francis G. McNamara, general agent at Waukesha, Wis., for Old Line Life, who suffered a brain hemorrhage shortly before the NALU annual convention in September and had to withdraw as candidate for secretary, has recovered sufficiently to leave the hospital and is at his home, 527 North Hartwell Street, Waukesha.

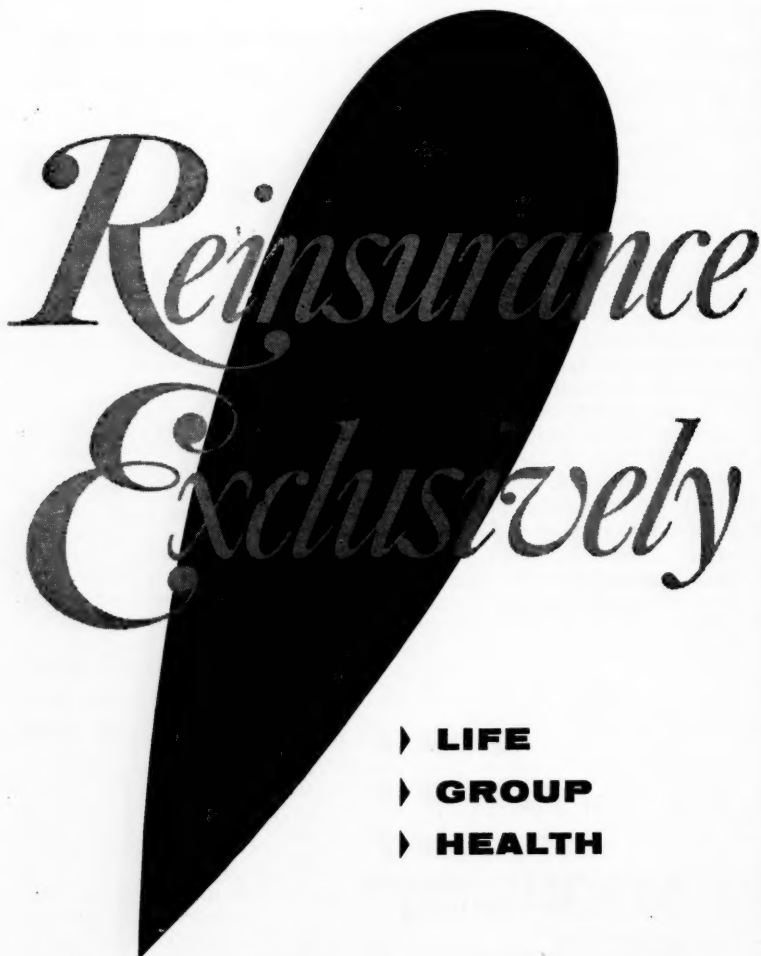
Government Employees Life's insurance in force for the first nine months stood at \$248,589,569, up 33%.

or member thereof, for the purpose of inducing or tending to induce such person to lapse, forfeit or surrender his said insurance or membership therein.

"Section 2 of article 580b of the penal code of Texas provides a fine of not less than \$25 nor more than \$500 or imprisonment in the county jail for not more than 60 days, or both for violation of that article; and section 3 provides that after due notice and hearing, the charter, permit or license of any society, association or corporation violating the provisions of article 580b may be forfeited by order of the commissioner.

"Article 21.21, section 4 (1) of the insurance code also deals with misrepresentations to any policyholder for the purpose of inducing or tending to induce such policyholder to lapse, forfeit or surrender his insurance.

"The state board of insurance will examine closely the frequency of policy replacement transactions by a particular company or its agents as to willful violations of the Texas insurance code. If any violations of insurance laws are detected, the penalties provided in the law will be invoked."



► LIFE  
► GROUP  
► HEALTH

### NORTH AMERICAN REASSURANCE COMPANY

161 East 42nd Street, New York 17, New York

#### Regional Offices

230 North Michigan Ave., Chicago 1, Ill.  
1509 Main Street, Dallas 1, Texas  
400 Montgomery St., San Francisco 4, Calif.







## I'm HOME in MY home office!

Although I live in California, I'm at home in Cincinnati. I say "Hi, John"—(he's The Union Central's President), and he answers, "Hello, Don," and asks about Bernis and the children.

It's the same way with Pete. (He's the Executive Vice President in charge of sales, and my boss). In fact, it's like that throughout the entire organization. You might think this is unusual in so large a Company, but it doesn't seem so to us.

The Union Central is a very *personal* Company in a very *personal business*.

That's the way it is.

And that's the way we like it.

Of course, this is a close *working* relationship, too. Supporting us are *coast-to-coast television programs/ a strong national magazine advertising campaign/ a full portfolio of well-designed, competitive policy plans/ underwriting that's understanding and liberal/ sound, smart sales promotion that is especially effective/ and a direct mail program that is unmatched anywhere.*

Naturally, The Union Central expects something in return.

Results.

And, as you can tell by the record—it's *getting them!*

**The UNION CENTRAL LIFE**  
Insurance Company • CINCINNATI

### Ill. Mutual L.&C. Has Major Medical

Illinois Mutual Life & Casualty is issuing major medical plans that are guaranteed renewable for life. Among the features are coverage of new born children when 15 days old regardless of health, mental illness coverage, nursing home expense coverage, payment of 85% of eligible medical expenses above the deductible, and a provision which does not allow waivers or restrictions to be added after issue. Both individual and family policies

are offered, the individual policy with a \$500 deductible and \$6,000 maximum benefit with \$20 daily room limit, and the family plan with a \$1,000 deductible, \$12,000 maximum benefit, \$25 daily room limit.

### State Mutual Total Sales Increase 20% In First Nine Months Of 1961

State Mutual Life's total sales for the first nine months were \$329,510,000, a gain of 20%. New group life sales, which were responsible for the increase, in the nine-month period were \$177,830,000, up 52%.

### San Antonio Health Men Hear Wilsdon View A&S

Arthur Wilsdon, sales supervisor New York Life at Dallas, emphasized the importance of disability income insurance as protection against "living death" at ceremonies recognizing members of San Antonio Health Underwriters Assn. who have completed the LUTC A&S course. Francis C. Sullivan, American Hospital & Life, president of the association, presented the certificates.

Mr. Wilsdon said that prospects are

more willing to talk about income insurance than about life insurance. Sickness or injury is an acceptable concept, while death seems far away. He urged agents to sell a large enough policy to cover the needs of insured.

He cited statistics showing that an accident occurs each second in some home, the locale of more accidents than any other place. He stressed the particular importance of disability insurance for key men in corporations.

### Mutual Benefit Stages Group Conference: 8-Mo. Group Sales \$750 Million

Mutual Benefit Life's group life sales during the first eight months were over the three-quarter billion mark, Robert C. McQueen, vice-president, group insurance, told a home office luncheon prior to the annual group insurance sales conference held at Pocono Manor, Pa.

Attending were 21 members of the company's group sales organization. Other speakers besides Mr. McQueen, were Charles G. Heitzeberg, vice-president in charge of agencies, William F. Ward, vice-president, underwriting, and Seth W. Sizer, general agent at Chattanooga.

### Guardian Life Plans Nine Conferences For Agents

Guardian Life will conduct series of two-day seminars for agents in nine cities during November. Such subjects as individual policy pension trusts and deposit administration contracts, group plans and franchise insurance will be covered at the following cities: New York, Providence, Atlanta, Buffalo, Chicago, Dallas, Los Angeles, Newark and San Francisco.

### Issues New Rate Book

American Hospital & Life of San Antonio has released a new rate book including provisions for semi-annual, quarterly, and monthly premiums on all policies.

A new policy, the estate accumulator, is a nine year term contract with several conversion features designed for those whose income will increase in the future. Another policy supplies \$1,000 of insurance for 22 years, the premium paying period, and then automatically becomes paid up for an increased amount of coverage without evidence of insurability being required.

The health insurance portfolio includes two new policies—a guaranteed renewable to age 65 income policy, and a lifetime protection plan including accidental death and dismemberment, hospital expense and nursing care.

### Interstate Has New Retirement Plan

Interstate of Des Moines has released a new policy designed to enable retirement at 62. It helps to supplement social security and provides for cash reserves and family protection, as well as for retirement income. The policy has been planned with the weakness of other sources of income in mind and provides for any level of income.

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## 24 Committee Heads Announced By NALU

WASHINGTON—Chairmen of standing and special committees of National Assn. of Life Underwriters appointed by President R. L. McMillon to date are as follows:

**Aging** (a subcommittee of the public relations committee), Isaac S. Kibrick, New York Life, Boston; agents activities, Charles Anchell, New York Life, New York City; associations, Philip A. Hoche, Kansas City Life, Orlando, Fla.; constitution and resolutions, Edward H. Downs, Midland National, Aberdeen, S. D.

**Convention**, David M. Blumberg, Massachusetts Mutual, Knoxville, Tenn.; credentials, Herbert R. Baum, Protective Life, Birmingham; education and training, David C. Bowman, Fidelity Mutual, Allentown, Pa., (for eastern United States), and Earle L. Patten, New England Life, Fresno, Cal., (for western United States); estate planning coordination, Robert W. Frye, Northwestern Mutual, Denver.

**Federal law and legislation**, John Z. Schneider, Connecticut General, Baltimore; field practices, R. Edwin Wood, Phoenix Mutual, San Francisco; finance, Louis J. Grayson, Travelers, Washington, D. C.; group insurance, Spencer L. McCarty, Provident Mutual Life, Albany; health insurance, Clyde A. Connaughton, Metropolitan, Shreveport, La.

**Industry problems**, Ellen M. Putnam, National Life of Vermont, Rochester, N.Y.; membership, Samuel S. Loyer, Bankers Life of Iowa, Columbus, O.; past national presidents, William E. North, New York Life, Evanston, Ill.; political education and participation, William J. Mack, Northwestern Mutual, Cincinnati.

**Property**, Arthur W. Defenderfer, independent, Washington, D. C.; public relations, William H. Gatling, Jefferson Standard Life, Norfolk, Va.; quality business, Francis G. Bray, New England Mutual, Houston; relations with Investment Company Institute, Benjamin D. Salinger, Mutual Benefit Life, New York City.

**Social security**, Franklin M. Nice, Provident Mutual, Reading, Pa.; state law and legislation, Joseph B. Davis, Home Life of New York, Detroit.

Names of additional chairmen of committees will be announced soon.

the federal securities laws, one charge of conspiracy, four charges of mail fraud, and four charges of fraud by wire.

The operations in question are reported to have grown out of alleged check and draft kiting among some of the companies affiliated with Denver Acceptance Corp. It is charged that a false annual statement of one of the Lefferdink insurers was filed in Colorado and 17 other states. Oklahoma called attention to this at the time.

Lefferdink was released on \$10,000 bond, the other defendants on \$5,000 bond.

## Korlann Is Named Ore. Commissioner

SALEM—Walter G. Korlann has been named Oregon insurance commissioner by Gov. Mark Hatfield. He succeeds V. Dean Musser whose resignation was effective Oct. 31.

### List Past Experience

Mr. Korlann has been general agent for Capitol Life in Portland since 1941. He is past president of Life Insurance Managers Assn. of Oregon. He began his business career with the First Na-

tional Bank of Portland and was Portland Clearinghouse Bank examiner from 1922 until 1926.

Mr. Musser in closing his term of office, declared that Oregon insurance buyers are getting their coverage "for a fair price in a fair market with no monopoly with rates and coverages just as good as anywhere else." He sees the insurance industry in Oregon "without exception the most stable of any state in the union" and part of this stability he credits to the fire and casualty agents' association, which he finds much stronger than in most states.

## ÆTNA LIFE INSURANCE COMPANY

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GENERAL AGENTS AND  
MANAGERS CONFERENCE

## Report Lefferdink, Five Others Indicted For SEC Violations

A federal grand jury at Denver reportedly has indicted Allen J. Lefferdink, president Colorado Credit Life, and five other defendants on charges of violations of the federal securities laws, mail fraud and fraud by wire in connection with the operations of Denver Acceptance Corp. and other organizations in the Lefferdink empire of 42 companies. Others indicted are Horace B. Holmes, county judge of Boulder County, formerly secretary of DAC; Marion Livingston, former secretary and director of seven Lefferdink enterprises; Leslie L. Sayre, president First Bank of Brighton, Colo., former vice-president and treasurer DAC; Jack O. Robinson, vice-president Resolute of Hartford, former vice-president DAC; and C. A. Peterson, a CPA and former accountant for several Lefferdink companies.

Following a long investigation by SEC, the grand jury reportedly brought indictments alleging nine violations of

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*Deeper knowledge of life and health insurance fundamentals.*

*Deeper understanding of business, family, and individual situations.*

*Deeper reasoning power in solving financial problems.*

*Deeper instinct for discovering new uses and markets.*

*Deeper confidence in your ability as a life underwriter.*

*Deeper conviction of the nobility of your professional calling.*

## California-Western States Life Insurance Company

Home Office: Sacramento

### EDDY TELLS COUNCIL ON AGING:

## Statistics Understate Benefits Of Life Insurance To Elderly

Government studies of the income of elderly citizens may not be adequately reflecting the impact of life insurance payments, according to C. Manton Eddy, senior vice-president of Connecticut General Life, in a speech at the annual meeting of National Council on the Aging at New York.

Mr. Eddy told the council that in spite of the special burdens of the present generation of the elderly, there is a net reduction of about 100 a day in the number of people over 65 receiving public assistance while there is a net gain of about 1,000 a day in the number of these people.

Government estimates of personal income and consumer money income are based in part on the income tax data and in part on surveys of representative samples of the population.

Since the proceeds of life insurance, either to a beneficiary or to the insured are not generally reportable as taxable income, and since most people would tend to regard life insurance money not as income but as withdrawal of savings, neither of these sources can be relied upon to show the real economic power of life insurance among the aged, Mr. Eddy said.

"By making this suggestion, I do not mean to dismiss the needs of the large numbers of the older people whose financial resources are inadequate," he said. "But I do suggest that uncritical acceptance of the statistics that are so much discussed may lead us to an incorrect idea of the size of the problem."

Data from life insurance sources are also inadequate in this regard. But it is possible to estimate that the total value of death benefits and annuities paid to persons age 65 and over was about \$2-2/3 billion in 1960. And if all of the life insurance benefits, including loans, were tabulated, the total would exceed \$2 billion, and very possibly approach \$3 billion, Mr. Eddy said.

"For the future, the expectation is that there will be a rapid and steady rise in the amount of life insurance benefits paid to the older age group,"

he stated.

On the subject of health care for the aged, Mr. Eddy said that the Connecticut pool of domestic and out-of-state companies in the new field of major medical coverage for the aged has met with great enthusiasm. At the end of the first 30-day enrollment period, 22,000 persons had joined the pool.

"This comprised about 10% of the people in the age group who were not actually in state institutions or receiving medical assistance from state and federal funds," he said. "I hope we can look forward to the inauguration of similar plans throughout the country."

The rapid growth of private pension funds in the past decade was discussed in a talk prepared by Martin E. Segal, a New York City pension consultant and president of Martin E. Segal Inc. Mr. Segal was unable to be at the meeting due to transportation difficulties. His talk was delivered by William A. Larson, vice-president of the company.

### Dramatic Growth In Benefits

Mr. Segal said the number of people covered by pension plans had grown from less than 11 million 10 years ago to over 20 million by the end of 1959, or about 41% of all employees in private industry.

The growth in benefits has been even more dramatic. At the beginning of the decade, \$380 million was paid out. At the end of 1960, the figure was \$1.7 billion, an increase of 350%.

"That has not stopped yet," Mr. Segal said. "In recent years, pension plans have added an average of a million workers a year to their coverage." There has been increasing recognition of the desirability of measures protecting pensions from inflationary erosion. "Some of this protection is now provided without explicit provision simply by the periodic renegotiation of pension agreements," he said. Other highlights in the growth of the private pension have been the

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Please refer to job number in your inquiry. Write for "HOW WE OPERATE". No obligation to register. All inquiries handled confidentially.

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following:

—A growth of interest in survivorship benefits has made popular such provisions as 10-year certain guarantees and optional additional protection to the widow.

—Industrywide plans operate in industries where pensions would be uneconomical if set up by single companies.

—Common stock investments by pension funds has become a popular way of hedging against inflation.

—There has been a very commendable growth in the provision of health insurance for retirees under existing employer and employee programs and with the assistance of state legislation there has been a growth in availability of health insurance through rights of conversion or otherwise.

This need is "so vast and so immediate, however, that progress can hardly be too rapid toward the goal of adequate health insurance coverage for all of the aged," Mr. Segal said.

### Bankers Of Des Moines Surveys Policyholders On Settlement Options

Bankers Life of Des Moines has received a 35% direct reply to a survey of policyholders who have not changed their settlement arrangements for 10 or more years. This reminder and service offer is a repeat of a study made by the company in 1955-56. The current study is approximately 60% completed, and officials expect it will ultimately yield the 40% reply mark achieved on the previous survey.

Since June, the company's settlement option division has been mailing a copy of current instructions on file with a letter giving policyholder an opportunity to change the settlement instructions. The letter reminds them that these services are available through their salesman, agency office or the home office. The figures quoted reflect only answers or requests to the home office.

Nearly 8,000 letters have been mailed. Many replies have requested some type of service. The majority of these requests are for beneficiary designation and settlement option changes. In August, for example, 975 instructions for settlement were completed, an increase of more than 130 over the same month last year. In addition, this year's letter contains a "remarks" section which has prompted many policyholders to inquire about other policy information.

### Occidental Of Cal. Has Workshop

Nineteen Occidental Life of California group field men participated in the company's career workshop at California State Polytechnic College's San Dimas campus. Those attending took part in conferences on the firm's philosophy and functions of group sales and service.

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Fine companies like TWA are using this smart new ring featuring their own design reproduced on the medallion. For information and prices write Paul Bennett, Department NU-2, Melbourne Co., 4643 Wyandotte, Kansas City 12, Missouri.

### Guardian Introduces Two Health Policies

Guardian Life has introduced in most states two health insurance policies—a commercial disability policy, renewable at the company's option, and a guaranteed renewable accident policy on which the company may change premiums on a class basis only.

The new disability policy offers a wide range of benefit periods—one, two, four and five years, and up to age 65—a variety of elimination pe-

riods running from seven days to a year. Numerous optional benefits are available including lifetime total disability benefits for accidental injuries, "accident partial," "accident and sickness partial," accidental death benefits, and in most states hospital benefits and accident blanket medical expense benefits.

The new accident policy is guaranteed renewable to age 65, with termination on the policy anniversary after the 65th birthday. In most states, the policy may be renewed afterwards to age 75 as long as the insured is

actively employed.

Basic coverage of the accident policy is a two-year benefit period for total disability. Optional benefits include lifetime accident benefits, partial disability, accidental death or dismemberment, and blanket medical.

Both plans are issued at ages 18 to 60 for employed men and women.

Connecticut Mutual Life sales in September amounted to \$47 million, a gain of 7.4%, and for the first nine months were \$452,562,338, slightly ahead of the 1960 nine-month figure.



## How tall do you stand in Group Insurance?

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You and your prospective client will both get immediate service from experienced A·U·L group specialists, who are expert at tailoring contracts to suit individual company needs.

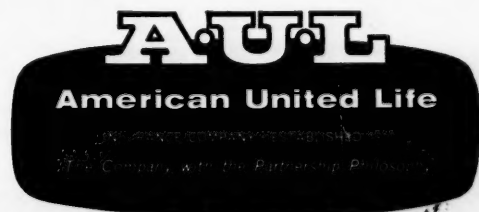
Using A·U·L you're immediately competitive, with the right price—broad coverage—flexible underwriting. American United Life approaches the problem of rates on a practical basis.

Known for its co-operative "Partnership Philosophy"—it's the Company for you when you want fast, efficient action. When you place your call, ask for Sherman Jensen, vice-president, Group.

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## Equitable History Is Subject Of Feature In 'The New Yorker'

A history of Equitable Society's offices—with emphasis on the flamboyant operations of Henry B. Hyde, founder of the company—appeared in the Oct. 21 New Yorker. The lengthy article, written by Miss Andy Logan, waspishly compares the recent opening of the 1285 Sixth Avenue, home, "built on such commonplace contemporary lines that at a block's distance

it is practically indistinguishable from Time-Life Building, on the block just south of it," with the opening in 1914 of 120 Broadway when each new sky scraper was a focus of popular excitement and a dozen mounted policemen were needed to hold back the crowds.

The article presents Mr. Hyde as a man whose first and last joy was building. He is seen inveigling directors into appropriations, gambling that his innovation of the passenger elevator would lure tenants to previously unfashionable heights, and forever buy-

ing up property.

Reporting on an interview with John H. Muller, Equitable's senior vice-president, Miss Logan reports that the company has regained its lead in elevation: Both the new passenger elevators and the internal conveyor system are the most elaborate to be found.

At 1285 Sixth Avenue, Miss Logan says, Mr. Hyde would have approved at least one of the new features—"the words Equitable Life that, marking the end of an era of self-effacement, appear on three sides of the towering shaft."

## Mich. Research Center Study Turns Up Facts On Care Of The Elderly

University of Michigan Research Center has completed a major study of patterns of family change, with financial support from the Ford Foundation and U. S. Department of Health, Education & Welfare. In general, young and old alike, the study found that most Americans believe elderly people should avoid living with their grown children, if at all possible.

Even with social security and other income maintenance programs, most families still feel responsible for providing financial support to their parents and other older relatives if it is needed. Based on interviews with nearly 3,000 adults, the study found family breadwinners are opposed to the idea of having older people live with children, by a five to one margin. They foresee disadvantages in such arrangements largely to the children, but sometimes even to older people.

### Two To One Margin

Those in the best financial position to be able to provide housing for their parents were most opposed to "doubling up." In spite of expressed opposition to older people living with their children, adults believe that relatives should be financially responsible for older, needy persons—and said so by a two to one margin.

Attitudes toward financial responsibility for the aged were expressed as follows:

—Relatives should have sole responsibility, 29%, primary responsibility 30%.

—Relatives, government should share responsibility, 9%.

—Government should have primary responsibility, 6%.

—Government should have sole responsibility, 2%.

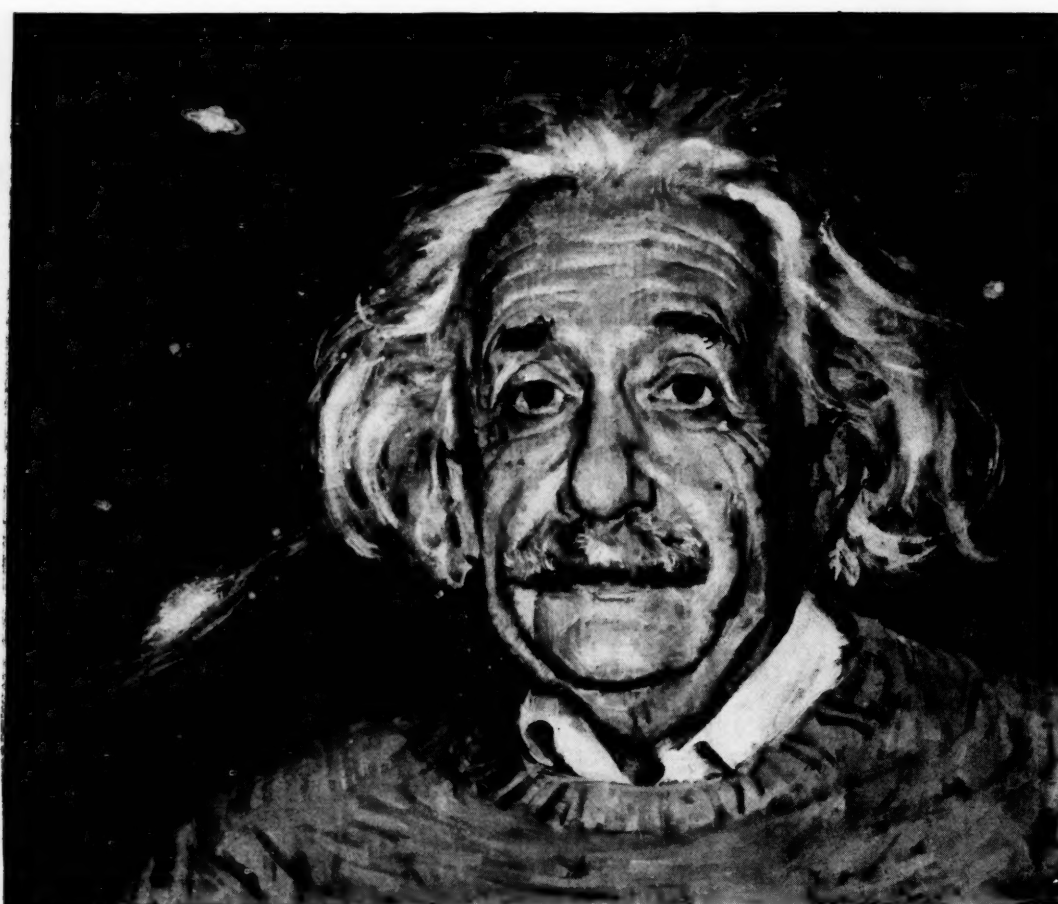
—No opinion, 5%.

The principal reason given by those who felt support of relatives was a family responsibility was that "families should care for their own." Those who favored joint responsibility felt that the sharing should depend on finances. The group in favor of government responsibility said "this is the government's job" or "relatives cannot afford to support older people."

An analysis of answers to the question about responsibility for older people who cannot take care of themselves financially revealed that those best able to provide financially for aged parents or relatives were most in favor of individual rather than government responsibility. These were the same people who were opposed to having aged parents live with children. Married couples with young children at home—the group for whom it would be most difficult to provide housing for relatives—were more likely to feel that children should be financially responsible for parents.

In general, those who viewed financial aid to aged relatives as a family responsibility tended to be those who: Have the highest potential income—the highly educated people not yet retired; have children living at home; have few, if any, brothers and sisters; have moved—from farm to city, city to suburbs, or from the South to other regions; attend church regularly; are Republicans; live in states where smaller proportions of the aged receive old age assistance or social security; feel that one gets ahead by hard work rather than luck and help from friends, and say that they plan ahead themselves.

One of a series of John Hancock advertisements appearing in national magazines. Each of these advertisements tells the story of a Great American. All express our belief in the importance of freedom . . . in the dignity of all Americans . . . and in the greatness of our country.



*He showed us the promise of a new age...*



*A. Einstein*

LIKE SO MANY OTHERS, Albert Einstein came to America to find freedom of thought and inquiry. And here his genius was fulfilled. Here he pursued his explorations into the nature of the universe. And here his  $E = mc^2$  opened up the marvels of the atomic age.

Working on the farthest frontiers of human knowledge, Einstein looked into eternity with the soul of a mystic. For problems solved he was humbly grateful: "You see, God always takes the simplest way."

He was a mild, pipe-smoking kind of man, who spoke softly, as if in awe of the wonders that had been revealed to him. "The professor" was never so happy as when he was working in his study, with pencil and paper his only tools.

It was the dream of Albert Einstein's life to bring into a single

pattern all the miracles of the universe, from the tiniest atom to the greatest galaxy. This he attempted in great leaps of creative imagination. One was the concept of relativity in space-time, all worked out in a kind of sublime mathematical poetry.

When twenty eminent scientists were asked to name the all-time immortals in the field of science, Einstein's name appeared on every list. In the centuries to come, when most of today's records have been erased from the tablet of time, the name of Einstein will shine out still—a beacon light for all who seek and strive on the threshold of the unknown.

*John Hancock*  
MUTUAL LIFE INSURANCE COMPANY  
BOSTON, MASSACHUSETTS



## Sears Bent On Deterring Twisters; Only Question Is What Form Rule Will Take

By WILLIAM MACFARLANE

Commissioner Sears, near the conclusion of hearings on the Maryland department's proposed anti-replacement regulation in Baltimore, good-naturedly stated, "We expected you to shoot it full of holes and that's just what has been done."

Holes or no holes, however, the commissioner throughout a day and a half of hearings repeated over and over again that although the promulgated regulation may have little resemblance to the proposed form, the Maryland department is determined to place some sort of anti-replacement rule on the books. On several occasions, spokesmen for life companies characterized the Maryland department as "aggressive" in the area of wanting to do something about policy twisters and Commissioner Sears did not argue the point. And despite several requests to the commissioner to stall any action on the regulation until a model bill is devised by National Assn. of Insurance Commissioners he showed little, or no inclination to wait for either NAIC or any other insurance department to come up with a substitute solution.

### Major Point

The major point at issue between the commissioner and life company witnesses, including Alfred N. Guertin, actuary, speaking for American Life Convention, and Manuel M. Gorman, associate general counsel of Life Insurance Assn. of America, was the provision of the proposed regulation that requires an agent in a replacement sale situation to file a copy of his proposal with the department, as well as a copy with his company. In its original form, the regulation requires that the proposal contain 12 specified points of comparison between the policy being sold and the one it is to replace.

The companies' objections to this section are explained more fully in the editorial in this issue, but generally speaking opposition was based on the premise that this section of the regulation would work to the disadvantage of the ethical agent without deterring the chronic twister. Paradoxically, the companies were far more vociferous in their opposition to this part of the regulation than were spokesmen for agents association from the city, state, county and national levels.

However, when just about all the testimony was in on this phase of the regulation, Commissioner Sears implied that his department would attempt to simplify the 12 points, perhaps even to the point of utilizing Mr. Guertin's suggestion to eliminate specifying what comparison should be made and in their place require the agent in a replacement situation to give reason why the replacement is being made.

Thomas J. Gillooly, assistant general counsel of Prudential, was asked to submit to the department an example of a proposal form which might be more workable than the one suggested in the department's regulation.

During the hearings, objections were voiced over other sections. These points, the companies made clear, were based not on the objectives of the department's regulation, but rather on the method required by the regulation.

As Ernest W. Furnans, associate general counsel of Massachusetts Mutual, pointed out, one section of the regulation states that if a policy is terminat-

ed, changed or if a loan is made against it within one year prior to or one year after the issuance of the new policy, the transaction will be deemed a replacement unless information to the contrary can be provided to the satisfaction of the commissioner.

Mr. Furnans said, "From a practical standpoint, it is difficult to see how either the agent or the company could be expected to anticipate a replace-

ment in some of these cases."

One of the 12 points calls for a comparison of "dividend illustrations for the next 5-, 10-, and 20-year periods, such illustration to be based on a reasonable estimate of performance of the company issuing the policy."

Many witnesses objected to this section in its proposed form because it did not spell out that such comparisons would not be estimates on future dividends but would only apply if the current dividend scale continued.

When it was suggested that the department might try requiring agents in replacing cases to file a copy of the

proposal with their own companies, which in turn would inform the offended companies of the replacement, the commissioner gave some indication of his line of thinking. He said that this approach is in effect today with some companies, and even the spokesmen for these insurers at the hearings admitted that the situation requires that something be done about the replacement problem.

As for the possibility that the proposed regulation prove either unworkable or unfair, the commissioner said, "We won't sit by without amending it."

## DOUBLE PROTECTION



## TO AGE SEVENTY

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**CONTINENTAL ASSURANCE CO.**

Member Continental National Group, Chicago 4



## Changes In The Field

### Prudential

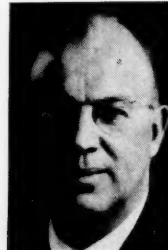
Myron B. Zimmerman, an agent at Portage, Wis., has been promoted to manager there.

### Great-West Life

Philadelphia operations have been changed from a general agency to a branch office. F. G. Higham, general agent since 1943 and a life member of the Million Dollar Round Table, wishing to retire from active direction of



F. G. Higham Jr.



F. G. Higham Sr.

the agency, requested that the company take it over as a branch office. His son, F. G. Jr., associate general agent since 1958, has been appointed manager. During the 18 year period that the Higham agency represented the company, the agency's business in force has grown steadily and now exceeds \$44 million, exclusive of \$85 million of group administered by the Philadelphia group office. A dinner honoring Mr. Higham was held at the Union League Club in Philadelphia. Those attending from the home office includ-

ed D. E. Kilgour, president; E. A. Palk, director of agencies, and J. L. Carpenter, assistant superintendent of agencies.

The company's group organization under R. J. Kidd, group supervisor, is not affected by the change.

The company has also opened its first branch in Maryland at Baltimore, with Peter Kopatz as manager. A CLU, he entered the insurance business in 1949 as a general broker. The company has been licensed in Maryland since 1957



Peter Kopatz

### Equitable Of Iowa



Robert E. Cockrill

Robert E. Cockrill, home office field supervisor, has been appointed agency manager of the company's San Diego agency. Mr. Cockrill began his life insurance career in 1948 with Business Men's Assurance as a group sales assistant in Kansas City. In 1955 he became a Kansas City field man with that company, and in 1958 was appointed assistant general agent



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- LIFE PAID UP  
AT AGE 65
- 20 PAYMENT LIFE

... the plans with a real net cost story

*plus*

**A COMPLETE PORTFOLIO  
OF NONPARTICIPATING PLANS.**



EST. 1913 CONCORD, NEW HAMPSHIRE

Write H. V. STAEHLE, C.L.U., Field Management Vice President, United Life, 2 White Street, Concord, New Hampshire, Or Contact: WARREN E. CUTTING, Supt. of Agencies for the District of Columbia, Fla., Ill., Mass., N. H., N. J., Ohio, Vt., and Va.\* WALTER O. COREY, Supt. of Agencies for Cal., Conn., Del., Ind., Md., Me., Mich., N. C., Pa., and R. I.  
\*Agency Building General Agents' Opportunities Available  
Outstanding Overseas agents' opportunities available in Europe, Okinawa and Guam; a minimum of one year's stateside production required.



for Penn Mutual's Kansas City agency. Early in 1961 he joined Equitable of Iowa as a field supervisor.

### Colonial Life

Z. Erol Smith Jr., has been appointed resident superintendent of agencies at Chicago. He was district sales manager there for Mutual Trust Life. He entered the business in 1950 with New England Life. He is a former director of Chicago Assn. of Life Underwriters and is currently a director of the Chicago CLU chapter.



Z. Erol Smith

### Security Mutual Life, Neb.

Ramon Kohl of the Hastings, Neb., agency has been appointed general agent of the Cedar Rapids agency.

James Lay has been appointed a general agent at Albuquerque, where he will open an office for the company, the first in New Mexico.

### Inland Life



W. G. Van der Voort

Warren G. Van der Voort has been named managing general agent of the Gallagher-Van der Voort agency in Chicago—the company's first general agency and the initiation of its agency system. The agency is located in the Insurance Exchange Building.

Mr. Van der Voort started in the life insurance business in 1939 in Chicago with Connecticut Mutual Life and he has been with the company since that time. He was appointed agency supervisor in 1948, later assistant general agent and a general agent in 1953.

### Lincoln National Life

N. J. Weidner has been appointed general agent at Pittsburgh, Pa., succeeding his father, Norbert H. Weid-



N. J. Weidner



N. H. Weidner

ner, who is retiring from general agency responsibilities after 32 years of service. Under N. J. Weidner's leadership, the agency will be known as N. J. Weidner & Associates and will move to new headquarters at Suite 301, 300 Sixth Avenue Building.

Norbert J. Weidner became an agent in his father's agency in 1945. In 1949, he entered home office work with Reliance Life, prior to the purchase of Reliance by Lincoln Life. Two years

later, Mr. Weidner returned to personal production as district manager of his company's west Pennsylvania department and in 1954, he became associate general agent in the Weidner agency, and was appointed co-general agent in 1959.

N. H. Weidner entered the business in 1923 and joined Reliance Life in 1929. In 1932, he entered organization work as field manager of the western Pennsylvania department, and in 1934 was named assistant manager. In 1936, he was named manager and appointed to head the home

office agency in Pittsburgh, Reliance's largest.

### Equitable Society

Named unit managers are Charles Borges, New York City, Anthony J. Durso, Chicago, John P. Hurd, Washington, D. C., and George L. Lefferts, San Diego.

### Pacific Mutual Life

Two assistant managers have been named on the Pacific Coast as part of the company's agency management

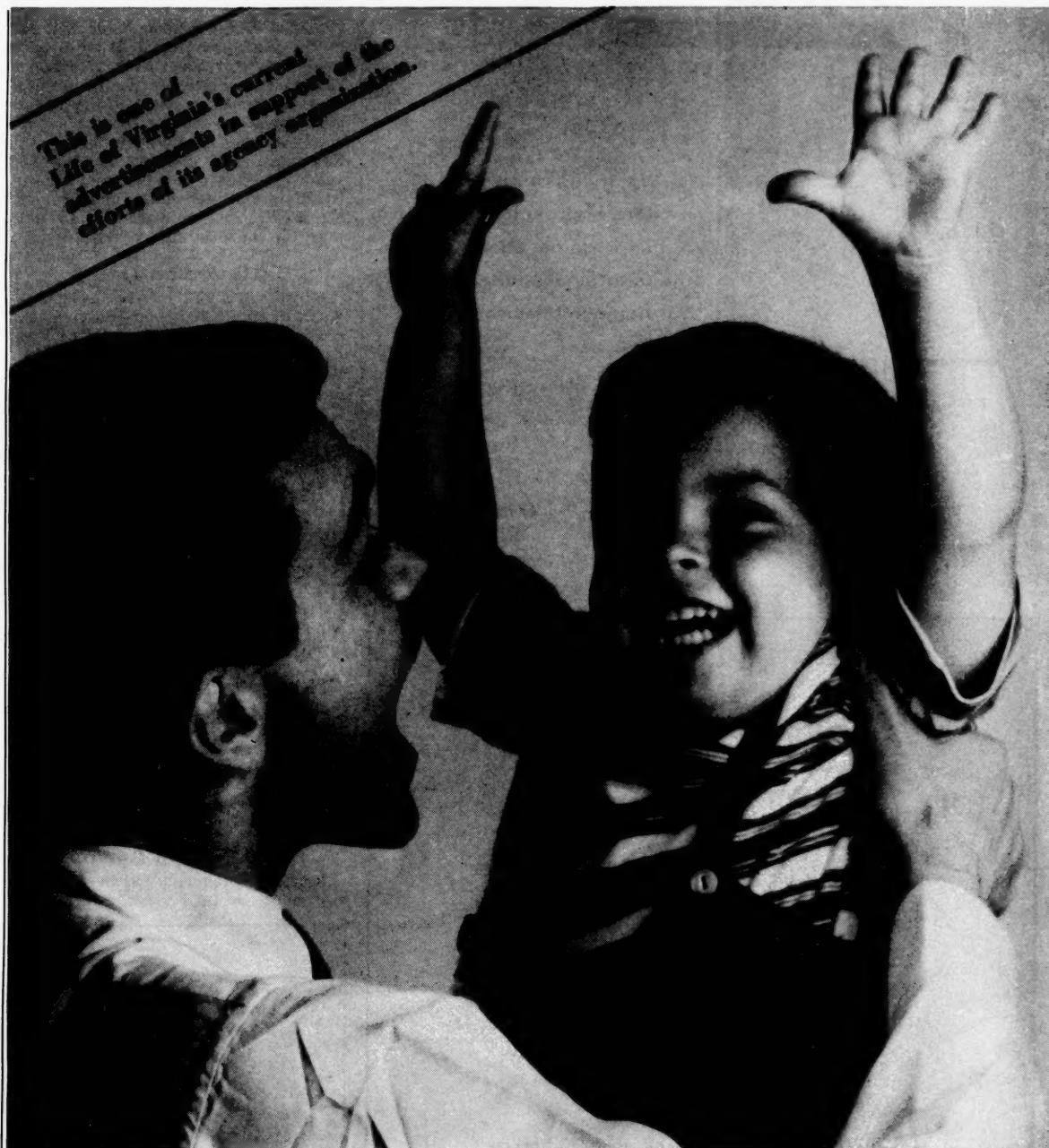
development program: William P. Hughes, Seattle, and Ralph E. Brown Jr., Fresno.

Mr. Hughes joined Pacific Mutual in 1959 and Mr. Brown in 1958.

### BROTHERHOOD MUTUAL LIFE

of Fort Wayne has named W. Toney Blackwell and T. R. Partee general agents in West Covina, Ind., and Whit-tier, Ind., respectively.

INTERNATIONAL LIFE of Buffalo appointed Ernest L. Brooks general agent at Rome, N. Y.



## Stay bigger than your responsibilities

How big? So big! But remember, responsibilities grow right along with youngsters. And long before "so big" can become *too big*, it's wise to look ahead.

Start now by getting Life of Virginia's Protection Check-List to help you analyze your present and future financial responsibilities.

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So have a talk with your local Life of Virginia representative. He can help you always *stay bigger* than your responsibilities.

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## FIDELITY'S NEW SYMBOL



...signifying our modern approach, but expressing, above all, the faithfulness which our name implies.

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ARE YOU A

*Non-Typical Man?*

Security Mutual's growth calls for outstanding men for choice new territories—for opportunities too large, too challenging, for "typical" men.

*If you are ready for your own general agency, now is the time to write for information.*



**Security Mutual Life  
Insurance Company**

LINCOLN, NEBRASKA

## Home Office Changes

## Berkshire Life

J. Frank Honold has been appointed a director to fill the unexpired portion of the term of John B. Bridgwood, who is resigning for personal reasons. Mr. Honold is vice-president of Chase Manhattan Bank of New York.

## A.A.L.

Donald H. Johnson has been named manager of the personnel department in the staff services division headed by T. H. Hartman. Eldor N. Eggen has been appointed to the newly created position of manager of the agency administration department in the agency division headed by George V. Krampien. Mr. Johnson has had 12 years experience in personnel administration and personnel management. Mr. Eggen has been an A.A.L. field man for the past five years.

## Guardian Life

G. Russell Clark has been elected a director. He is chairman and chief executive officer of Commercial Bank of North America and has been superintendent of banks in New York and executive vice-president of New York Clearing House Assn.

## Connecticut General

Robert D. Chamberlain, senior sales promotion assistant, has been made director, advertising and sales promotion. He joined the company in 1954 in the sales promotion department.

## Confederation Life

J. M. Gill has been appointed group actuary, pensions. R. G. Maitland has been made group actuary, research. Both were given officer rank.

B. H. Becker has been appointed manager, group underwriting, and R. L. W. Till has been made a group actuarial assistant.

W. A. Allison, assistant group actuary and manager, group research, has been appointed assistant actuary and manager, actuarial research.

## Life Of North America

Howard C. Petersen has been elected a director. He is president of Fidelity-

Philadelphia Trust Co. From 1945 to 1947 he was Assistant Secretary of War.

## Republic National

Arthur K. Coty has been named an agent at Studio City, Cal. He has been in the business since 1951.

## Standard Security Of N.Y.

R. Carl Chandler has been elected a director. He is chairman and chief executive officer of Standard Packaging Corp. of New York.

## Massachusetts Mutual

Alan C. Goddard, actuarial assistant, has been promoted to assistant group actuary. He is a fellow of Society of Actuaries.

**PATRIOT LIFE OF NEW YORK** has made Joseph Wiener agency assistant. He was home office assistant in the administration department. Elliot Leitner, supervisor of the policyholders service department, will now also head the policy issue and general services departments.

**TEACHERS INSURANCE & ANNUITY** has appointed Robert C. Beetham research economist. He was program director for the U. S. Council of International Chamber of Commerce.

**TRANS CONTINENTAL LIFE** of Chicago has named Martin M. Winokur vice-president in charge of A&S operations. Mr. Winokur was general agent for United of Chicago in Pennsylvania for 11 years, after having been with the World Ins. Co. of Michigan. Trans Continental also has appointed Len O'Connor, NBC news commentator at Chicago, to its advisory board.

**ALLIED SECURITY** of Charlotte has appointed T. M. Point treasurer. He entered the business in 1950 with Life of Virginia and most recently has been with Bowles, Andrews & Towne.

**NORTH CENTRAL LIFE** of St. Paul has named W. F. Beck, manager A. & A. Credit Co., St. Paul, a director.

HIGHER  
STANDARDS  
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EXCELLENCE

"Never has training been so important. Not academic knowledge alone, but skillful application in actual sales situations. Looking back a few years, most of us can attribute our sales increases to intensive schooling—from basic level all the way to C.L.U."

J. D. Anderson, President,  
in a speech at LIAMA Spring  
Conference, Chicago, 1961



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## New Mich. Handbook Is Off The Press

A new Underwriters Handbook of Michigan has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance in this state. Copies of the new Michigan handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

## Life Company Problems To Be Subject Of Round Table At Controllers Conference

A round table on subjects of interest to life insurance controllers and finance officers will be conducted at the annual conference of Controllers Institute of America, Nov. 5-8 in the Palmer House at Chicago. The round table will be directed by Robert C. Johnson, Union Central Life, assisted by M. C. Ledden, Lincoln National Life.

Round table participants will be James P. Moore Jr., Mutual Benefit Life, who will speak on clerical work standards; Wesley S. Bagby, Pacific Mutual Life, discussing the effect of integrated data processing on home office departmental organization, and William S. York, Metropolitan Life, who will talk on "Management Controls and Indicators."

## Conventions

- Nov. 7-10, Life Insurance Agency Management Assn., annual, Edgewater Beach Hotel, Chicago.
- Nov. 9-10, New York State Assn. of Life Underwriters, fall delegate meeting, Sheraton-Syracuse Inn, Syracuse.
- Nov. 13-15, Health Insurance Assn., individual insurance forum, Sheraton Hotel, Philadelphia.
- Nov. 13-15, Society of Actuaries, annual, The Greenbrier, White Sulphur Springs, W. Va.
- Dec. 4-8, National Assn. of Insurance Commissioners, regular meeting, Baker & Adolphus Hotels, Dallas.
- Dec. 11-12, Assn. of Life Insurance Counsel, annual, Waldorf Astoria, New York City.
- Dec. 12, Institute of Life Insurance, annual, Waldorf-Astoria Hotel, New York City.
- Dec. 13-14, Life Insurance Assn., annual, Waldorf-Astoria Hotel, New York City.
- Dec. 27-29, American Risk & Insurance Assn., annual, New York City.

### 1962

- Jan. 26, CLU seminar, University of Miami, Miami.
- Feb. 12-14, Health Insurance Assn., group insurance forum, Drake Hotel, Chicago.
- Feb. 21-24, Florida Life Underwriters Assn., sales congress, Miami, Lakeland, Tallahassee and Jacksonville.
- May 7-9, Health Insurance Assn., annual, Denver Hilton, Denver.

## Service Guide

### ACS

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CONFIDENTIAL NEGOTIATIONS FOR SALE OF INSURANCE COMPANIES

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## L. A. Group Managers Hear Eagle, Appoint Officers

Group Managers Assn. of Los Angeles at its October meeting heard Herbert D. Eagle, vice-president in charge of group sales and service for Occidental Life of California, predict a highly successful future for group insurance.

The association elected Arthur H. Eyles III, Prudential, president; Richard C. Mattingley, General American Life, vice-president, and Thomas E. Throp, Mutual of New York, secretary-

treasurer.

Named directors were John W. Carroll, Crown Life; Sanford T. Hudson, Continental Assurance, immediate past president of the association; Clayton T. Mills, Occidental Life of California; William A. Pond, California-Western States Life, and John R. Smith, Aetna Life.

Patriot Life of New York has appointed Paul C. Colette superintendent of agencies. He has been a manager of Home Life of New York at New York.

## Bankers National In Force Exceeds \$800-Million Mark

Bankers National Life passed the \$800 million mark in insurance in force during September and at the end of the month had \$804,042,700 in force. New ordinary paid for in the month was \$5,670,184, a gain of 65.6%, and for the first nine months was \$51,839,636, up 14%. Total new business, including group, for the nine-month period was \$119,183,025, as compared to \$136,798,734 in the same period in 1960.

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY  
CHATTANOOGA, TENNESSEE

JAMES E. POWELL  
VICE PRESIDENT

To an Insurance Salesman:

A friend of mine, discussing a mutual friend, said, "In my book he is far and away the best Life insurance man in town." I was forced to disagree, and for just one reason.

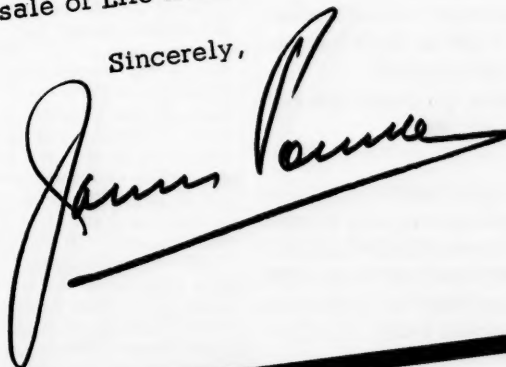
The man we were talking about is a CLU, a Life and Qualifying member of the Round Table, and is a well-known authority on all forms of business Life insurance. There is no doubt that he is well trained in all phases of Life insurance.

There is only one thing wrong. I happen to know that he never discusses the hazards of disability when he is presenting a Life insurance program, be it for an individual or for a business.

It just isn't possible to sweep disability "under the rug". Pretending it doesn't exist, or refusing to admit that it is the greatest single hazard to financial security during most of the working years, will not change the facts.

And so, I submit that the Life insurance salesman who doesn't even discuss the hazards of disability with his clients and his prospects just isn't a good Life insurance man, regardless of his competence in the sale of Life insurance alone.

Sincerely,



**PROVIDENT**  
**Life and Accident Insurance Company**  
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YOUR STANDARD OF SECURITY

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STANDARD SECURITY is a modern pioneer. In constantly creating new and unique policies and approaches to sales, it offers YOU an opportunity to expand your present markets and open new avenues of growth. If you are the type of "insurance professional" who takes a keen and personal interest in his profession and in satisfying his client's needs — then you can readily recognize that it is to the mutual benefit of you and your client to take advantage of STANDARD SECURITY'S pace-setting developments. Here are some firsts and exclusives:

1. Policies written Age Last Birthday.
2. 1958 CSO Mortality Table.
3. Easy-to-read narrative-form booklet policies.\*
4. Issue to age 97 on whole life.
5. \$2000 non-medical on ordinary life to age 97.
6. Issue on Term — to age 73.
7. Sub-Standard underwriting to 1500% of mortality (Including Term).
8. Term on Term Riders.
9. Non-can disability income insurance issued to \$1000 per month (participation to \$1500 per month).
10. Major-medical guaranteed renewable for life to \$25,000.

For further information contact our General Agent in your area or write: Agency Department, STANDARD SECURITY LIFE INSURANCE COMPANY OF NEW YORK, 111 5th Avenue, New York 3, New York.

\*Send for specimen policy.

## Illinois Agents Put Stress On Legislative Action At Peoria

(CONTINUED FROM PAGE 1)

tion. At any rate, the program is being continued and augmented, with considerable determination evidenced to make it come fully alive in its second year. Any failure will not be for want of trying by the state association.

Mr. Krueger reviewed some of the association's legislative efforts in the general assembly which ended last June and described briefly some of the action contemplated for this year. Two of the subjects relate to agent licensing and vending machines. With the former, it was felt by the law and legislation committee that a more difficult state examination may be at least a partial answer and with the latter that some control must be exercised as to location and type of coverage. (It came as a surprise to some of the committee that these machines are already in use in filling stations in the state.) The committee decided to explore the situation further on both matters before taking any action and to seek out the feeling of the domestic companies in the state. A questionnaire will be sent out to these companies as soon as possible.

As to twisting and replacement, Mr. Krueger dropped what sounded like a bombshell, but there was little reaction from the audience—which seemed to bespeak of agreement. "The whole thing has been blown up 'way out of reasonable proportions," he said. "We know it exists, but I don't feel, nor does your committee, that it exists to the extent we have been led to believe." The present framework of Illinois law is sufficient to take care of problems that may arise. No additional legislation appears to be needed, he said. Local associations should be well able to handle the situation.

### Kenny Gives Report

Co-chairman of the law and legislative committee, James T. Kenny, Metropolitan Life manager, Ottawa, in giving his legislative report, said: "From past experience we have found that in contacting legislators regarding merits or pitfalls of proposed legislation it is difficult and almost impossible to hold their general interest unless we have some personal contact through you in the legislative back yard. Once this is established, the work becomes easier, but then the time element is against us. The interested legislator may have already committed himself to other legislators regarding his vote.

"And if this is done, it is almost impossible to get him to change his thinking on a bill. Whereas, if you discuss the merits of a particular bill with him at home prior to his appearance at the legislature, he would be more informed and we would know where we stand and with whom. Organization of a good 'grass roots' file is not difficult. We presently have names of contacts from 51 of the 59 representative districts in the state."

Mr. Kenny suggested from three to five persons as the ideal working nucleus for a local association legislative committee. More than five makes the committee unwieldy, and less than three makes too much work for each person, he said. If it is possible, include a life agent who has legal training and who has served in the state legislature.

"The problem arises in what, if anything, will the 'grass roots' member do when the chips are down. Do you actually know the senator or the representative? Did you or members of your association help him in his

election? If not, find someone who did help him with votes and you will have a good listener for your cause."

While it is impossible for everyone to appear at all legislative sessions, Mr. Kenny said that the state association should have someone available at all sessions. The "grass roots" people, however, should send members to the sessions to introduce "their" legislators to the state association's registered lobbyist. "You can see if this were done throughout the state what a splendid relationship we could develop with all of the legislators," he said.

As to proposed legislation, he suggested that it be compatible with the life companies and the insurance department. He noted, however, that there would probably be rare cases in which the agents were not in agreement with the other two bodies. He said that the companies and the department should be apprized of "our legislation and we should be apprized of theirs. Actually, there is no such thing as 'surprise' legislation as such. It might appear to be a surprise, but it merely indicates that our real 'grass roots' and legislative representative in Springfield missed the boat somewhere. . . . The success or lack of success in passing our legislation which is not agreeable to the life companies or the insurance department lies in the strength of our 'grass roots.'"

(At the meeting, Mr. Kenny was named chairman of the nominating committee, the election to take place at the annual meeting in May at the Hilton Inn in Aurora.)

### Presidential Report

In his presidential report John R. Gallagher, district manager Metropolitan Life, Joliet, noted that membership in the state association had reached an all-time high of 4,180, "but there is still a long way to go to reach our potential strength." Mr. Gallagher also detailed some of the achievements by the various committees and members since the last midyear meeting.

There was considerable discussion on the merits of hiring an executive director with greater responsibility than that of counsel or lobbyist. In the main, his duties would be to supervise communications, supervise legislative activities, attend all board meetings, develop "friends in court," and maintain high level contact with the companies and the insurance department. His duties would in no way overlap or conflict with the functions of the executive secretary.

No action was taken at the meeting

other than general approval by the membership to see that the matter is explored by the executive committee. It was understood that taking on an executive director would probably necessitate a raise in dues.

The Margaret Becker award for the association with the largest percentage and numerical gain went to Calumet-Chicago Heights association, and the William E. North award to the association with the largest increase in membership on a regional basis, went to Southern Illinois association. Leonard R. Nelson, associate general agent Lincoln National Life and president of the Peoria association, received a citation from NALU "for directing the membership effort of Illinois Life Underwriters Assn., the leading state in area 5." All presentations were made by Thomas F. Hull, district manager Equitable Society, Springfield, co-chairman of the membership committee. His running mate is Rolan Melander, assistant manager Metropolitan Life, Joliet.

### McMillon Tells Plans

At the banquet that evening, R. L. McMillon, manager Business Men's Assurance, Abilene, Tex., and the new NALU president, outlined briefly his plans for the year. Some of these plans, he felt, should come through regular public relations channels, but those he did discuss included the fact that he will do very little traveling. He has accepted no speaking engagements from any local association, including his own. Instead, there will be many face-to-face meetings with various committees at the national headquar-



At the Illinois association reception. From left: James Ross, formerly of the Illinois department and now with Financial Security Life of Moline; Chester T. Wardwell, associate general agent Connecticut Mutual Life, Peoria, and chairman of NALU nominating committee, and Robert C. Fagan, president Crown Associates (Crown Life), Chicago.



Chicago contingent at the reception. From left: William McKechney, Northwestern Mutual Life and president of the Chicago association; Roy D. Simon, Penn Mutual Life, state national committeeman; George H. Schuermann, Union Central Life and administrative vice-president of the Illinois association, and Harry J. Nelson, superintendent of agencies, midwest division, Manhattan Life.



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ters office, he said. "Ours is a committee association, and too many of them meet only twice a year."

Over-all, Mr. McMillon desires to begin working with the membership on fulfillment of his cherished aim—"to switch the image of our organization to one that is searching for the truth instead of a possible 'fighting' organization. Then we can more easily adapt ourselves to changing times and situations." His plans also include "running hard on consumer education" and an effort to "restore in the local associations some of the dynamics they had a few years ago." One of the ways to accomplish the latter, he said, is to encourage public service award programs.

"Of course, we will go for a dues increase again," said Mr. McMillon. "We have to, or we must retrench."

(Lester O. Schriver, executive vice-president of National Assn. of Life Underwriters, who was a guest at the banquet, did not speak formally but gave the invocation. The following day, he greeted the Peoria annual "Salescapades," pointing out that the appearance of Mr. McMillon as one of the speakers followed a 30-year tradition of giving the newly elected president of NALU a "trial run" at the Peoria meeting.)

#### Conti Closing Speaker

Closing speaker at the banquet was State Representative Elmer W. Conti, 5th district, and village president of Elmwood Park. Mr. Kreuger had pointed out earlier in the day that in view of the great stress on the necessity of a "grass roots" political program, a state representative had been asked to tell the members why they should "get into politics," and that Mr. Conti did, forcefully and effectively. A member of the state legislature since 1957, Mr. Conti's main theme is, "Get into politics before politics gets into your business."

The speaker said in part that the American people are basically conservative, "but we stand idly by and let people spend our money in any other way but the way we would do it on a conservative basis. We want conservatism in banks, insurance companies and the like, but we go along with such social security measures, for instance, as would bankrupt any private enterprise. We must keep government out of those things that become mounting subsidies every year. We are bankrupting ourselves with our welfare programs and slowly eating away on our principles of democracy."

"You just can't seem to get people



Gerhard C. Krueger, Equitable Life of Iowa, Chicago, co-chairman of the law and legislative committee of Illinois Assn. of Life Underwriters, and Elmer W. Conti, Illinois state representative 5th district, one of the speakers at the midyear meeting of the association.

interested—even to learning who are their legislators," Mr. Conti declared. "You can help your legislators to stop some of this spending. All we ask out of politics is that spending ceases when there isn't any money left." He suggested to the life agents that they invite men from both parties to their meetings and get a statement of policy from each man and what he stands for. (Details of the Peoria "Salescapades" will appear in next week's issue.)

### Ill. Round Table Names Officers

Illinois Leaders Round Table at its annual luncheon meeting, held traditionally during the midyear meeting of Illinois Assn. of Life Underwriters, elected Max L. Riseman, Metropolitan, Springfield, president to succeed O. F. Little, Home Life, Chicago, who becomes chairman of the advisory board. Ralph J. Wood, Sun Life of Canada, Chicago, was named 1st vice-president; E. W. Ruuttilla, John Hancock, Springfield, 2nd vice-president, and Edward Miller, Massachusetts Mutual Life, Chicago, secretary-treasurer.

The speaker was Paul Morrison, attorney and trust officer, First National Bank of Peoria. Trust services and the insurance business have mutual problems and objectives, he said. "We are both engaged in estate creation, conservation and administration." While the two services don't do the same things, their work is somewhat similar. The life insurance trust and life policy options are not the same; they don't conflict, nor can they substitute for each other, he said. They can and do overlap.

The life insurance trust is chosen when certain other advantages are needed and circumstances dictate, he pointed out. Its flexibility is limited only by the desires of the trustor. Too few people have a knowledge and understanding of a bank's trust department, he went on, and this being the case, insurance men could enhance their position if they were able to explain its workings to their clients. Mr. Morrison then detailed some of the operation of a bank's trust department.

Mr. Little, as outgoing president, was presented with a plaque in recognition of his services his term of office.

## Bid Prices Of Insurance Stocks Are Given

(CONTINUED FROM PAGE 4)

	12/30	6/30	10/31
Gov. Empl. Life .....	43	78½	117
Great American .....	49½	57½	55
Great Am. Life Unds. ..	70	124	168
Great Southern Life .....	69	90	123
Great-West Life .....	395	550	760
Gulf Ins. ....	34¼	38	45
Gulf Life .....	18½	27	39¼
Hanover .....	42½	43½	49¼
Hartford Fire .....	57½	67¼	87½
Hart. Steam Boiler .....	91	112	127
Home .....	57	56¼	63¼
Home Protective* .....	55	65	65
Imperial Life .....	90½	114	143
Ins. Co. North Am. ....	77	92¼	108
Ins. Shares Certs. ....	34¼	43	52
Interstate L. & A. ....	5½	9½	14¼
Interstate Fire & Cas. ..	14½	30	30¼
Jefferson Natl. Life .....	17½	18½	27
Jefferson Std. Life .....	42	62½	85
Jersey Ins. ....	34	34	37½
Kansas City Life .....	1,340	1,970	2,500
Ky. Central L. & A. ....	11	12½	14
Lamar Life .....	33	54	76
Liberty Life .....	15	27	33
Liberty Natl. Life .....	39	70½	91½
Life & Casualty .....	16½	22¼	32½
Life of Georgia .....	58	103	116
Life of Virginia .....	56½	87	113
Life Ins. Investors .....	8.95	12.56	16.23
Lincoln Income Life .....	18½	22	24½
Lincoln Natl. Life .....	92	125½	162
Loyal Protective .....	49	55	83
Maryland Casualty .....	36½	41¼	44
Mass. Indemnity .....	39¼	49	79
Mass. Protective .....	69	112	128
Merchants Fire .....	35	42	40
Midwest. United Life .....	30	47	61
Mission .....	10½	16¼	18
Monumental Life .....	45¼	58½	92
Natl. Fidelity Life .....	15	20	28
National Fire .....	123	136	156
National Life & Acc. ....	114½	179	209
Natl. Old Line .....	15½	29½	31½
Natl. Reserve Life .....	146	165	245
National Union .....	40½	48½	48½
Nationwide Corp. ....	27½	33½	41½
New Hampshire .....	49½	57½	69
North Amer. Life .....	14½	19	24½
North Am. L. & C. ....	132	175	220
Northeastern .....	12¼	22	20
North Central Co. ....	9¼	15½	14
North River .....	41½	46½	46
Northern Ins. ....	41½	46	54¼
Northern Life .....	130	168	190
NW National Ins. ....	86	102	104
NW National Life .....	90	107	190
Occidental Life, N. C. ..	4½	7½	10
Ohio Casualty .....	24	29	32
Ohio State Life .....	39	51	53
Old Line Life .....	60	69	140
Old Republic Ins. ....	14¼	15¼	18½
Old Republic Life .....	18½	21	25½
Pacific, N. Y. ....	55	56½	64
Pacific Indemnity .....	33	35½	40½
Pacific Natl. Life .....	15½	25½	33½
Peerless .....	22¼	26½	30¼
Peninsular Life .....	3½	4¼	6¼
Peoples Life .....	29½	38	52
Philadelphia Life .....	49½	75	91
Piedmont So. Life .....	59	69	97
Phoenix .....	83	102	116½
Postal Life .....	16	23	32
Protective Life .....	36	48	60
Prov. Washington .....	18½	22¼	24¼
Provident L. & A. ....	81	140	173
Quaker City Life .....	39¼	55½	68½
Reinsurance Corp. ....	21½	23½	26
Reliance .....	53½	63¼	69
Republic, Tex. ....	27	32½	37
Republic Natl. Life .....	33½	70	89
Reserve, Ill. ....	11	19	18¼
St. Paul F. & M. ....	61	71	89
Seaboard Surety .....	39	42	39½
Security .....	55	66	86½
Security L. & A. ....	33	65½	86
Security Life & Trust ..	41¼	55	75½
Southland Life .....	88	113	173
Southwestern Life .....	53	92	130
Springfield .....	33	36½	41½
Standard Life, Ind. ....	49½	59	85
Transamerica .....	26½	34	43½
Travelers .....	93	122¼	156½
Trinity Universal .....	31	34½	37
Truck Unds. ....	28	36	42
United, Ill. ....	32	54	59¼
United Pacific Corp.** ..	18	28½	32
United Services Life .....	40	97	117
U. S. F. & G. ....	41¼	57¼	71¼
U. S. Fire .....	30½	35½	37¼
U. S. Life .....	34	70	81
Universal .....	28¼	27¼	31
Variable Annuity Life ..	8½	11½	15½
Victory Life .....	94	100	124
Volunteer State Life .....	57	70	103
Wash. National .....	36	57½	62½
West Coast Life .....	31	48	54
Westchester Fire .....	33½	38¼	37½
Western Casualty .....	38¼	56	53
Wis. Natl. Life .....	28½	36½	51

\*Owns Home Life, Pa.

\*\*Owns United Pacific Ins.



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Some of the head table guests at the annual CLU breakfast preceding the Peoria "Salescapades." From left: Robert E. Hunt, probate judge, Peoria County, the speaker; Glenn E. Miller, general agent National Life of Vermont, Bloomington, and president Central Illinois CLU chapter, which traditionally sponsors the breakfast, and Taylor French, general agent Northwestern Mutual Life, Peoria, chapter vice-president.

## Editorial Comment

### Ethical Agents Need Protecting Too

If there is any lesson to be learned from the Maryland department's recent hearings on its new anti-replacement regulation it is that Maryland, as well as some 40 other departments which may be preparing similar rulings, can very well do unalterable harm to the ethical life agent in the course of its campaign to put the check-reins on chronic twisters.

No witness at the department's hearings in Baltimore questioned the fact that something needs to be done about the bad guys in the industry. Agreement on this was unanimous. A difference of opinion was most obvious over those key sections of the proposed regulation that could work to the disadvantage of the good guys, those agents who might rightly and honestly believe a replacement is in the best interest of the client. And, ironically, some of these same questionable sections of the proposed rule could be used by the twister to circumvent the regulation.

Although it is generally conceded that a replacement of permanent coverage is most often detrimental to the client, there are certainly some very acceptable exceptions to the rule. And it is here in the area of the legitimate replacement where an ethical agent can find himself in serious trouble with the department if its regulation is promulgated in its proposed form.

For example, the regulation provides that the agent in a replacement case file with the department a copy of his proposal, which must contain 12 specified points of comparison between the new and replaced policy or policies. Much of the information needed to fill this requirement is readily available, while some of it might be difficult to come by, especially if the replaced policy was sold by a small, little-known company. The information might have to be obtained from an unreliable source. Thus, the agent at some future date might be held accountable to the department for points of information which he could not and did not know or which were

inaccurate through no fault of his own. And, in all likelihood, the burden would be on him to prove that which he did not know.

On the other hand, these same 12 points provide a handy guide for the unscrupulous twister who wants to circumvent the regulation. As long as he has met the basic requirements of the 12-point proposal, he is in the clear. From there on, he can base his sale on comparisons that are not included in the list. In effect, the 12 points clearly define for the unethical agent those areas where he must remain honest and those where he may play fast and loose with the truth.

During the hearings Commissioner Sears pointed out that among the 12 points was one that called for "any other matters which are necessary for a complete comparison of the two programs," a requirement which, in print, appears broad enough to encompass any comparison the twister might use to make his sale. In practice, however, as long as the twister has complied with the specified comparisons, the department would have no way of determining those areas where he has perverted the facts.

The regulation in its proposed form also warns that if a policy is surrendered or changed, or if a loan is made on it one year prior to or one year after the issuance of a new policy, the department will consider the sale a replacement, unless the agent can prove otherwise. In such cases filing of a proposal with the department would be required.

An ethical agent operating under such a requirement would have to be clairvoyant to anticipate all the traps he could fall into. A very obvious one would involve the situation wherein an agent makes his sale on a term policy and the client for reasons of his own nine months later cashes in an old permanent policy without informing the agent of the transaction. Is the agent then supposed to be responsible for filing a proposal on the term policy nine months after the sale took

place? Is its sale really a replacement? Again, the agent might be called in by the department to answer for something he doesn't know about and over which he has no control.

A twister, however, because the rules of the game are so clearly defined for him, would know exactly how far he could go and exactly how this section of the law points up a loophole for getting around having a case labeled a replacement. Let's say that a client owns a permanent policy today. On the advice of the twister, he today pays the annual premium due this month and buys a term policy from the twister. Since the client has a 30-day grace period, he can wait a year and a day or a year and 30 days before cashing in his permanent policy. And under Maryland's proposed regulations our twister hasn't even had to file a proposal with the department, because, by definition, the sale is not a replacement.

In other words, this section of the law could penalize an ethical agent for being unaware of an existing replacement situation, as defined by the department, but the twister would not be called to account for a replacement that he devised as such.

Commissioner Sears declared on several occasions during the hearings that his first concern in proposing the regulation was to protect the public interest. After that, he said, consideration should be given to the agents and their companies. But it would seem that a regulation, the key sections of which could hurt the ethical agent and still not do the job for which they were intended is in reality in no one's interest—not the public's, not the companies' and certainly not the conscientious, honest agents'—W. M. M.

## Deaths

**NORMAN E. ANDERSEN**, 65, associate general agent at Chicago of the Wilson agency, Mutual Benefit Life, was killed when his car hit an abutment. With the company almost 40 years, he started at Chicago and then for several years was a general agent at Peoria. He returned to Chicago and formed his own scratch agency, which about three years ago merged with the Wilson agency. He was a CLU.

**O. McCOY GIBBS**, 56, a former director of agencies and vice-president of Louisiana Life of New Orleans, died in New Orleans.

**JAMES P. BYRNE**, 63, retired vice-president and agency consultant of Life & Casualty, died of a heart attack at his home in Nashville. He joined the company in 1938 and was named assistant vice-president in 1948 and superintendent of agencies and agency vice-president in 1951.

**B. C. WRIGHT**, 72, who retired as manager of the home office agency of Liberty Life of Greenville, S. C., in 1955, died at Greenville after several years of declining health. He joined the company in 1922.

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle Street, Chicago, Oct. 31, 1961

	Bid	Asked
Aetna Life .....	145	148
American General .....	75	77
Beneficial Standard .....	48½	50
Business Men's Assurance .....	88	91
Cal.-Western States .....	99	102
Commonwealth Life .....	59	61
Connecticut General .....	298	303
Continental Assurance .....	181	184
Franklin Life .....	123½	125½
Great Southern Life .....	120	127
Gulf Life .....	40	42
Jefferson Standard .....	85	87
Liberty National Life .....	91	93
Life & Casualty .....	32	34
Life of Virginia .....	112½	115
Lincoln National Life .....	161	165
National L. & A. .....	205	210
North American, Ill. ....	24½	25½
Ohio State Life .....	53	55
Old Line Life .....	142	Bid
Old Republic Life .....	25½	26½
Republic National Life .....	88½	90
Southland Life .....	168	175
Southwestern Life .....	125	130
Travelers .....	156	160
United, Ill. ....	60	62
U. S. Life .....	81	84
Washington National .....	62	64
Wisconsin National Life .....	51	55

## Personals

**Charles G. Dougherty**, vice-president of Metropolitan Life, has been elected a director of the E. W. Bliss Co. of Canton, O., producer of rolling mills, presses, and fire-fighting and control systems.

**Appalachian National Life** of Knoxville, Tenn., has entered the field of group health insurance.

## THE NATIONAL UNDERWRITER

The National Weekly Newspaper  
of Life and A&S Insurance



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17 John St., New York 38, N. Y.  
Tel. BEekman 3-3958 TWX NY 1-3080  
Robert B. Mitchell, Executive Editor  
William Macfarlane and Jud Higgins,  
Assistant Editors

### CHICAGO EDITORIAL OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.  
Tel. WAbash 2-2704 TWX CG 654  
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### Actuarial Awards Made by Pru To College Students

Prudential has awarded \$500 scholarships to 19 college students. The winners were among 41 candidates chosen last spring by members of the company's actuarial staff through interviews at colleges in the United States and Canada. The scholarships were awarded following a summer of employment, study and actuarial examinations at the home office and at the regional home office in Minneapolis.

### Northeastern Life Automatically Removes Occupational Rating At 65

Northeastern Life of New York has instituted the practice of automatic removal of occupational extra premiums in the policy anniversary nearest the insured's 65th birthday. When rating involves both occupational and other hazards, each case will be considered separately.

**SUBSCRIPTIONS:** Address all communications to the National Underwriter Co., 420 East Fourth Street, Cincinnati 2, Ohio. Price \$7.50 a year (three years \$20); Canada \$8.50 a year (three years \$25); foreign \$9 a year (three years \$24.50). 30 cents a copy, back copies 50 cents. **CHANGE OF ADDRESS:** Enclose address sticker and Post Office form 3579 with new address, send to 420 East Fourth Street, Cincinnati 2, Ohio. Allow three weeks for completion of change.



## Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Vallean & Co., Board of Trade Building, Chicago

The vitality of the insurance stock market—both on the fire-casualty and the life sides—continued its demonstration last week. As Sidney B. Lurie of Josephthal & Co. notes, bank and insurance stocks are in a private bull market.

Gulf Life and Life & Casualty each was insistently accumulated. Gulf took off from a standing start after a previous 3 point selloff and at 39 had added 4 points for the week and was in new high ground. Life & Casualty had shown strength the previous week and then last week added 3 more points, at 33. Lamar Life advanced 4 points, to 76½ bid with no stock offered, on intimations and then official word of a proposed 50% stock dividend. These are all Murchison situations, so they will now be eating regular.

Commonwealth Life was one of the week's most brilliant performers on the upside. Taking off from 50 Monday it raced up to 60 by week end. On a former buying flurry it went up 54½, then faded rapidly to 45½, held and slowly advanced to this week's take-off stage.

Beneficial Standard Life, which retreated 10 points in a hurry after reaching 52, retraced its steps last week and was up to 49 Friday.

Republic National Life spurted 10 points on top of 5 the previous week and was flirting with 90. Great Southern Life, Southland Life and Southwestern each was up 5.

Northern Life is a stock that has become wanted with little or nothing being offered. It is in the 190 range.

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General Reinsurance resumed its upward course with another breath-taking leap to 180, up 15. American Reinsurance at 70 was up 5 and Employers Re at 72 was plus 3. Boston Insurance vaulted 5 points to 44½. The market action here lately suggests that something may be up. Aetna Casualty was plus 4 and Aetna Insurance 3. Other gainers in the fire-casualty list included Pacific Indemnity, St. Paul and U.S.F. & G., each up a point. Hartford Fire lost 2 points and Home 1.

Fidelity & Deposit, usually a pedestrian in the market for long stretches, hit a breeze of wind and added 8 points last week, at 68 bid. This was on top of a gradual improvement of 4 points over the past several weeks. F. & D. avoided the trap of entering the casualty and fire business full tilt some 15 years ago when New York finally abandoned its stiff-necked barrier between underwriting powers. They just continued to play their great strength in the fidelity-surety business whilst gradually developing a book of business and experience in other lines. In the pell mell rush of those days to make up for lost time with single line insurers undertaking to become omnibus overnight, tears were dropped for F&D. which elected to stay with what it knew. But there is no pity today for F&D.

Another specialty insurer—Hartford Steam Boiler, was 4 points higher at 127 bid.

Jefferson Standard Life turned reactionary after a fast 10 point runup and at 85 was off 5. Franklin Life was down 3. B.M.A., which has been steady but unchanged for some time, moved up 2 points to 87. Lincoln National was 3 better, whilst Aetna Life, Conn. General and Travelers marked time. Continental Assurance was lower, and is now down 12% from its peak. U. S. Life was off 4.

North American Life retreated to 24½ bid and was off 4 from its recent high point. United of Chicago was back up to 60. Monumental Life, at 92, was up 2.

—|||—

The J. C. Bradford situations continued to gallop with the Northwestern National Life bid reaching 190 and that for Old Line Life 140.

National Old Line started upwards after a little slump. At 31½ bid it was up about 2 points from its recent low. College Life at 115 bid was strong.

Citizens Life gained 3 points to 33, Coastal States Life 3 to 22½, Eastern Life 8 to 124. Nationwide Corp. which advanced to 46 just prior to its deal to dispose of Northwestern National Life holdings, and then retreated to 39, gained favor again and was at 43 Friday.

The Meserole issues were much in demand. Pacific and Bankers & Shippers at 65 were up about 4 and Jersey was all on the bid side at 36½. These seem to be making a belated response to the recent dividend increase and also to word of favorable underwriting results even despite Carla. The Crum & Forster names also were higher.

Insurance Company of North America edged higher into new high ground. Word here is that even with Carla INA is likely to sneak under the 100 mark on underwriting.

The increase of 2 points in the market for Standard Oil of New Jersey makes a lot of hay for many insurers, as this year-in-and-year-out constitutes a major investment cornerstone for them. For instance North America has a million shares or so of Jersey, so 2 points here, so to say, pays for a lot of Carla.

Incorporated Investors eliminated its entire holdings of 58,500 shares of Fireman's Fund. Doubtless this was the source of the recent secondary issue of 50,000 shares at 65. Subsequently Fireman's Fund dropped (under Carla pressure) to about 57. Last Friday it was up to 67 bid. Incorporated Investors also reduced its holdings of Legal & General Assurance of England from 37,500 to 15,000 shares. Fairfield Securities, the no-load fund of New York, which has been attracting attention, invested in 9,000 shares of Kentucky Central Life & Accident. Its other insurance holdings are 500 Continental Casualty and 1,500 Combined. United Funds Inc. disposed of its 24,200 shares of Home and increased its interest in Travelers from 25,000 to 29,000 shares. Lazard Fund cut back on its Travelers from 31,500 to 27,000 shares. State Street Investment Corp. reduced its Fireman's Fund from 42,500 to 35,500.

The offering of 250,000 shares of Missouri Fidelity Life at 5 by A.C. Allyn

& Co. was oversubscribed and the stock went on to trade at 5½-6.

Republic Insurance of Dallas was up a point on announcement of a proposed stock dividend of one share for 24.

Insuranceshares Certificates Inc. (heavily invested in Hartford Fire and North America) traded in exceptional volume last week on the New York Stock Exchange. There was a total of 11,100 shares, all traded at 52. This closed-end company has the policy of buying in and then canceling its own shares.

Eaton & Howard Balanced Fund reduced its Continental Casualty holdings from 29,500 to 8,000 shares, North America from 9,000 to 1,700 and U.S.F.&G. from 31,500 to 500. Eaton & Howard Stock Fund cut back Continental Casualty from 22,500 to 2,500, North America from 15,000 to 1,000, and Travelers from 13,000 to 3,000.

Moody's Stock Survey notes that adjusted earnings of Insurance Company of North America for the third quarter were 83 cents against 66 cents the previous year. This is concrete evidence that Hurricane Carla will prove less costly than Donna in 1960. For nine months North America's adjusted earnings were \$1.97 against \$2.48, but the decline came in the first half due to cold weather losses. Surplus is up \$100 million since September, 1960, and per share liquidating value of \$68 is up 16%. Moody's states that while this stock is not cheap its appreciation record has been excellent and it should be held for further gains.

### Am. General Life Appointment Has Readers, Appointee Guessing

A certain amount of confusion—all typographical—regarding an American General Life of Houston appointment in the Oct. 14 issue has been called to our attention. Richard N. Chapin, the appointee, had been named manager of American General Life's Gulf Coast agency in Houston. Unfortunately, the story was headed "Great American Life of N. J." and Mr. Chapin's picture was captioned "Steven L. Babits." Mr. Chapin's name was affixed to a picture of Robert B. Goodrich who had been named manager at Kansas City for Bankers Life of Des Moines, Mr. Babits is the new director of group sales for Colonial Life of N. J., while Great American Life of N. J. does not figure in any of the stories. Our apologies to all participants in this misalliance of insurance appointments.

### IRS Agents Being Trained To Examine Life Insurers

The Internal Revenue Service, under a career development program, has begun courses at Dallas, Des Moines, Greensboro, N.C., and Hartford for training its agents to examine life companies and their returns. The four-to-five-week course is described as part of a study on quality audit standards for IRS agents.

Approximately 100 men are supposed to be training under the new program.

### Wood Joins Nelson & Warren

Jack E. Wood has joined Nelson & Warren, consulting actuaries of St. Louis and Kansas City, at the St. Louis office. Mr. Wood had been a consultant in Chicago and before that was with Iowa Life. He is a fellow of Society of Actuaries.



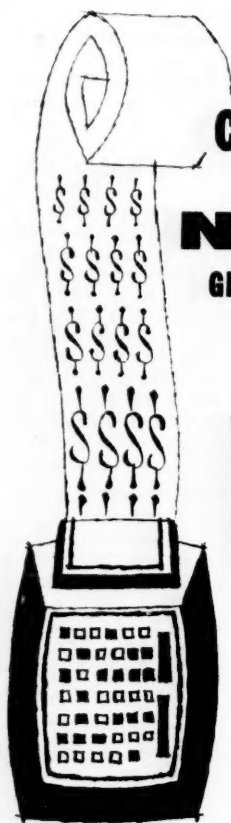
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## Replacement Formula Is Exhibited To CLUs

(CONTINUED FROM PAGE 2)

on all our policy series issued in the past 50 years—and my impression is that this is the prevailing practice among the larger companies. It is true that these figures are not in the kit of each agent, but they are available upon request."

Favoring the limiting of comparisons to a 10-year look-ahead, Mr. Moorhead said this is because the prevailing interest rate may change, and this has an important bearing on the answer. Also, dividend scales will change, even in relation to each other.

"We have heard it said that replacement is justifiable if our purpose is to rescue a policyholder from a high-cost company and put him into a low-cost company," said Mr. Moorhead. "But this is a dangerous generalization, because if you look at the lower part of the formula you'll see that the size of the cash value of the policy being replaced figures heavily in the arithmetic."

### Low Early Cash Values

"Now, very frequently a so-called high-cost company pays low values in early years. This expression in the formula warns us of the perils of surrendering out of such a company and taking a higher loss on the cash value than you can hope to recoup on premiums and dividends. A parallel suggestion that one hears is that replacement may be justified in order to get the 'modern' policy offered by a company, instead of continuing to pay premiums for its 'poor relation' policy issued 10 or 20 years ago."

"This question breaks down into three separate questions, depending on

whether it concerns supplementary benefits in new policies or attachable to new policies but not retroactive to older policies; advantages for larger amounts in new policies due to quantity discounts; or an allegedly better dividend scale on current issues than on older policies.

"Any serious problem in the first of these categories can be largely avoided if companies will make the important aspects of such benefits available to present policyholders—and if the field men for their part will refrain from underestimating the significance of a need for benefits and coverages that really aren't very important. For example, to replace to get a common-carrier accidental death benefit is absurd."

"The second of these questions can be solved by the mathematical approach already discussed. If I may express a word of warning, it is rash and unwarranted to jump to the conclusion, without adequate testing, that quantity-discount policies enjoy a superiority over their predecessors that makes attained-age replacement sensible. I think that proper arithmetic generally shows this to be untrue."

As far as "allegedly" better dividend scales on current issues are concerned, Mr. Moorhead said that if any company publishes a dividend illustration for a newly introduced policy form that is out of line with dividends being paid on older policies, only a naive and uninformed field man could suppose that the new policy will actually get some kind of a bargain in dividends as the years go by. The company will pay what it finds it can afford to pay—dividend illustrations to



## Beneficial THOUGHTS

Thanksgiving Day! It's EVERY day in the year for thousands of widows and orphans . . . who profit from the benefits of life insurance. Thanks to the efforts of some persevering life insurance agents, these widows and orphans have much to be thankful for, that they otherwise would not have.

Surely a "Beneficial Thought" for those of us in the business of life insurance. Think it over.

## BENEFICIAL LIFE

Insurance Company  
Virgil H. Smith, Pres. Salt Lake City, Utah

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the contrary notwithstanding.

"I hope you will keep in mind on my behalf that I said 'if an actuary does this,'" said Mr. Moorhead. "I'm not accusing any of my professional brothers of doing such a thing, and in fact I know of no instance in which it has been perpetrated. All I have heard is that some people think it has been done, and I'm merely saying that if so, it is irrelevant. There is no case on record of an actuary having fixed the dividend scales. There have been some reverse situations where the dividend scale fixed the actuary."

#### Company Is Hit Two Ways

The effect on a company that loses business via replacements is bad in two ways, said Mr. Moorhead. One is that those who drop out to buy new insurance are certainly select, unimpaired lives, since they don't usually consummate the replacement until they know they can qualify for new standard coverage. So the mortality cost to the general body of continuing policyholders is increased. The expense element is also increased. This is obviously a major item and one to be regarded with the utmost seriousness.

Mr. McCarty emphasized the seriousness of the replacement problem and told how it is spreading. He said that from the vantage point of the state association headquarters, where a considerable amount of replacement information has been reported in the last three years, it appears that very little term insurance is sold for replacement purposes. Whole life policies are the most popular. It seems that many insured have become suspicious of twist-ers advocating term insurance.

The problem is widespread," he said. "If it has not yet reached you personally, consider yourself lucky. If you are a general agent of a manager per-

haps you should investigate your recent lapsed or maximum-loan policies to see what motivated these changes. For example, one agency has tabulated from Jan. 1, 1961, to June 30, 1961, \$222,000 of surrendered life insurance and \$605,000 of maximum-loaned life insurance in the agency—all pointing to the operations of one organization.

#### Tells Where To Find Money

"One of the New York Stock Exchange members in a nationwide bulletin to its office managers points out this: 'Have you ever heard the excuse a prospect gives you for not buying mutual funds, "I don't have any money now"? Here's an idea requiring no cash on the part of the prospect. There are approximately 120 million policy-owners carrying \$500 billion of life insurance in the United States. Chances are your prospects own some form of it. Ask your client if he owns any insurance that has a loan value. Suggest that he use it.'"

In another instance, a branch office of a nationwide organization now operating aggressively in New York State recently held a contest with prizes for those bringing in the most life insurance policies for cash surrendering. The winner brought in 28, the runner-up 27.

Touching on what insurance departments are doing via regulations and legislation, Mr. McCarty pointed out that insurance departments have no authority over persons or companies not licensed by them.

"If this loophole permits corporations under the guise of various titles to advocate the wholesale substitution of policies and be outside the reach of the insurance commissioners, then it would behoove the licensees of the departments to examine what is required of them—not so as to oppose correction

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Compare these top values per \$1,000:

	Age 25	Age 35	Age 45
Ann. Prem.**	\$ 29.53	\$ 36.32	\$ 46.32
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	5	87.00	109.00
	10	223.00	274.00
	20	554.00	676.00
	at 65	814.00	814.00
Accum. Divs.*	1	2.61	2.82
	5	16.00	18.00
	10	42.00	47.00
	20	133.00	152.00
	65	506.00	324.00

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Sold non-participating, too, with lower premiums but same high commissions.

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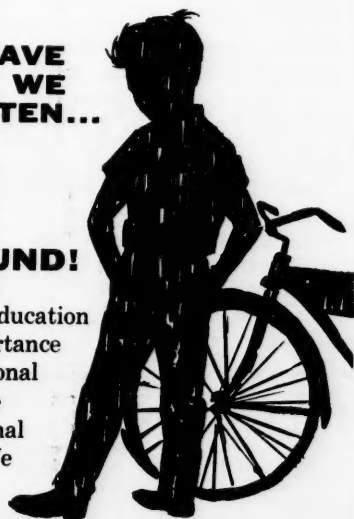
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#### Middle Atlantic

New Jersey: New Jersey Life Associates, Inc., Suite 930, Raymond Commerce Bldg., 1180 Raymond Blvd., Newark 2, MI 2-2083

Pennsylvania: A. R. Atwater, 354 Lancaster Ave., Haverford, TR 8-2848, MI 2-4421  
J. J. Durkin, Shrineview, Dallas, 4-6203  
J. Ehrman, 5700 Bartlett St., Pittsburgh, AT 1-0626  
P. G. Kekich, 1614 Investment Bldg., 239 Fourth Ave., Pittsburgh, GR 1-9010  
T. E. Malley, 2608 Saybrook Dr., Pittsburgh, CH 1-4313  
G. A. Vickey, 3927 Wood St., Erie, UN 4-3522  
A. F. Williams, Metzger Bldg., State College, AD 7-4901

#### East North Central

Ohio: Crown Life Underwriters of Dayton, 4981 Alhambra Ct., Dayton, CL 2-5541  
P. D. Dreifus, 824 Union Central Bldg., Cincinnati, GA 1-1910  
J. E. Hamm, Jr., 322 Hanna Bldg., Cleveland, CH 1-3987  
R. B. Tilton, 683 East Broad St., Columbus, CA 1-1601  
White, Wilson, Marritt, Inc., 1115 Superior Bldg., Cleveland, CH 1-6765  
R. G. Means, Beacon Bldg., 50 W. Gay St., Columbus, CA 1-2989  
A. A. Sells, Port Lawrence Bldg., Room 202, 206 Michigan St., Toledo 2, CH 4-5529

Indiana: H. O. Bull, 112 Berwyn Rd., Muncie, AT 8-6495  
Federal Insurance Agency, 1712 North Meridian, Indianapolis, ME 8-1358-9

Illinois: R. C. Fagan, Crown Associates Inc., 208 S. LaSalle St., Chicago, FE 6-7318

Michigan: S. J. Cohn, 1174 First National Bldg., Detroit, WO 2-8458  
C. L. Hunter, 208 North Woodward Ave., Royal Oak, 961-4421  
B. G. Kendall, 19600 Woodward Ave., Detroit, TO 9-7800  
J. A. O'Brien, 302 First National Bank Bldg., Escanaba, ST 6-6811  
W. E. Shackleton, 208 North Woodward Ave., Royal Oak, 961-4421  
R. C. Stager, 1239 East Fulton St., Grand Rapids, GL 9-4684

#### West North Central

Minnesota: H. L. Bardin, 1406 W. Lake St., Minneapolis, TA 7-5307  
R. H. E. Smith, 1645 Hennepin Ave., Suite 205, Fawkes Bldg., Minneapolis, FE 3-0221

Missouri: Life Insurance Underwriters & Consultants Inc., 9218 Clayton Rd., Clayton, WY 1-1601  
Sidney Salomon Jr. and Associates, 1006 Ambassador Bldg., St. Louis, GA 1-0925

North Dakota: G. R. Peterson, P. O. Box 2166, 112-124 North University Drive, Fargo, 2-2453

Nebraska: M. K. Robinson, 1745 South 84th St., Omaha, 393-2010

Kansas: D. J. Harper, Kansas Life Associates Inc., 227 Ida St., Wichita, AM 5-5208

## WANT ADS

Rates—\$25 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing "Situation Wanted" ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

### GENERAL AGENCY OPENINGS IN SACRAMENTO, OAKLAND AND FRESNO

Opportunity for experienced management man to represent mutual company. The man we are looking for must have satisfactory personal production experience as well as successful supervisory or management experience in recruiting, training and directing agents.

Write immediately to Box B-85, National Underwriter Company, 175 West Jackson Blvd., Chicago. Please give full experience details.

### SALARY PLUS BONUS ACCIDENT & SICKNESS STATE MANAGER WANTED FOR COLORADO

Individual selected must have had successful selling experience as an agent or recruiting experience as a General Agent or Supervisor in an established General Agency and be capable of recruiting, directing and motivating agents in A&S production.

For the right man, we are prepared to finance this operation 100%, including the production of DIRECT MAIL LEADS.

Give a comprehensive and detailed report about yourself when answering. All replies will be treated with strict confidence. Write B-86, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### ASSISTANT METHODS DIRECTOR

A progressive midwestern mutual life company has an unusual opportunity for a man to succeed the Methods Director who will retire within two years. The Company which has over one billion of insurance in force, has been primarily an ordinary company but in recent years has entered the group life field and the individual health insurance line. The Company celebrated its 50th anniversary in 1960 and this year moved into a new home office building.

This position requires a man not over 50 years of age with a college education plus 10 to 15 years of experience in methods and planning work. Ingenuity, creative thinking, familiarity with E.D.P., and maturity of judgment are important requisites. Salary commensurate with experience. Write giving complete personal and work experience to: B-76, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### TOP INSURANCE EXECUTIVE WANTED

A medium size Life Insurance Company located in the South, twelve years old and aggressively expanding, with a Fire and Casualty subsidiary, desires experienced man to head the company. Prefer individual with production and executive experience in combination life, fire and casualty fields. To the right man we will give unlimited opportunity and very liberal income. Also have opening for actuary capable of assuming some executive duties along with actuarial work. Applicants please give all essential details as well as experience. Will treat in strict confidence and will not contact references, unless you give permission to do so, until we have consulted with you. Reply to B-68, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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Upper Midwest multiple line life company with over one billion dollars insurance in force has outstanding offer and unlimited opportunity for a qualified young man in the group life and group sickness and accident sales and service field. Exceptional opportunity for growth and development. Salary commensurate with experience and progress. Full welfare and fringe benefits. Submit complete personal resume, including education, marital status and experience. All replies will be held in strictest confidence. Write B-82, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### CONSULTING ACTUARY

Small Midwestern consulting firm doing life insurance and pension fund work has an opening for recent Fellow or Associate. Reply in confidence stating age, experience, present position, and salary requirements. Reply to B-77, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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Need imaginative assistant to age 30, 2-3 years experience. Sales Promotion-Advertising Life, A&H, and/or Group. Progressive company, suburban Home Office. Write W. H. Hackett, Bankers National Life Insurance Company, Montclair, N. J.

of the evils of twisting, but so as not to be shackled with unnecessary procedures when making the bulk of our sales creating estates for our insured," he warned.

### Cites N.J. Regulation

"For example, we applaud the constructive step taken by Commissioner Howell of New Jersey in this regard, but it is not clear whether daily selling habits not associated with twisting will have to be altered. The copy of the regulation I have states: 'All companies licensed to do business in New Jersey are required to issue written instructions to their agents incorporating basic rules and safeguards which are to be observed in the preparation and use of cost illustrations, comparisons, advertising and other promotional material. Such written instructions shall require that prospects be furnished with a proper, full and clear

presentation of the costs, benefits and other policy provisions.'

"THE NATIONAL UNDERWRITER points out that this rule applied 'whether making a proposed replacement or not.' Would you conclude that you would be in violation if you used the power phrase I recently heard at a CLU meeting: 'Why force your corporation to borrow money at a bank and pay 6% interest on a liability when you can pay me 3% on an asset and accomplish the same result?' Is this in line with the New Jersey regulation on the 'full and clear presentation of the costs?' The premium might be \$2,925 on \$100,000—not 3%."

Another possible source of trouble in the New Jersey regulation is its reference to "reduction either in amount of such insurance or in the period of time for which insurance will thereafter continue in force," said Mr. McCarty. Presumably it's aimed at reduced paid-up or extended term insurance but mightn't it be said that a "reduction in the amount of such insurance" also means a policy loan, Mr. McCarty asked. A \$10,000 policy with a \$4,000 loan reduces the amount of insurance. If a loan is deemed not to be a replacement how should one evaluate a letter such as that written by a policyholder to a life company president seeking recovery of premiums.

### Quotes Policyholder's Letter

The part quoted by Mr. McCarty read: "After examining my two \$10,000 policies, your agent said that he could not legally suggest that I drop my John Hancock and Connecticut Mutual policies; however, in the next breath he recommended that I request the maximum loan value from both policies and then just let them lapse. He stated this was better than asking for cash surrender, as this would probably result in a call by an agent from John Hancock or Connecticut Mutual to see what was going on."

To leave out of the regulation the device of using maximum loans as one of the means of cannibalizing life insurance policies would be leaving the door wide open for all twisters, Mr. McCarty warned. Yet to include such loans as part of the twisters' tools and say they should be part of the regulation also presents some problems.

For example, an agent sells a policy after a maximum loan has been consummated on an old policy for a down payment on the insured's home. He now wishes to cover the mortgage with additional insurance. To place obstacles before the agent and the insured makes it more difficult to consummate this mortgage policy and would be a disservice to the public. Yet to anyone not knowing the circumstances it has all the appearance of a twist, Mr. McCarty pointed out.

"To spell out all the circumstances of every sale where loans are outstanding could be quite burdensome," he said. "In Maryland, for example, where the proposed regulation includes situations of policies being used as collateral for loans, the department would require a written sales proposal as to both existing and proposed insurance covering the amount payable on natural death, plans of insurance, benefits such as waiver of premium, accidental death, etc., amounts of annual premium, total premiums for the next five, 10 and 20 years, statement of anticipated dividends on existing and proposed coverages, surrender values, loan values, income settlement options and other matters which are necessary for a complete comparison.

"All of this has to be filed with the

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A top producer who knows how to recruit, train and supervise general agents. By one of the most progressive, fastest growing life insurance companies in America. Complete policy portfolio. Backed by 40 year old parent corporation with assets of \$540 million. Home Office Los Angeles.

Prefer present resident of Oregon or Washington state. Age 30 to 45. At least 6 years of life insurance experience, part in sales management.

Salary commensurate with experience. Profit sharing, retirement and insurance plans, car and expenses.

Send resume in confidence to:

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Associate or Fellow to work with our Insurance and Pension clients. This is a new position resulting from our continued expansion.

Our actuaries work directly with clients and assume full responsibility. Work is varied, interesting and challenging. We are doing a lot of ratebook and policy form work on 1958 CSO. Some travel; but not too much. Company-paid generous pension and profit sharing plans, group life and comprehensive family hospital coverages. New air-conditioned suburban offices. Replies strictly confidential.

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New, progressive, multiple-line casualty company in Midwest has unusual opportunity for the right man with background of successful field management in individual A & H. Position open in 30-60 days. Send complete resume to B-61, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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Maryland department. The effective date has been postponed for further study.

"If you have gathered from all this that it is easier to let things stay as they are and maybe it will blow over, you have failed to assess the potential danger of the future. Every regulation and law that is brought about because of an evil points up the failure of our industry to cope with our problems. The New York Stock Exchange is keeping ahead of Congress and the fraud bureau of the attorney-general's office by suspending its members before the authorities act. Some of us are content to blame the companies, and others blame the insurance department.

"But here in this room most of us are CLUs. I wonder if the CLUs and the members of the life underwriters association are doing all they can to curb the practitioner who does not live up to the concept that we, as a group, subscribe to. If some day we are going to be looked upon by the public as a group of professional people who put the public's interest ahead of our own, and sound advice before our personal selfishness, then maybe the

point of beginning of this public confidence can be demonstrated by the manner in which we handle the problem of replacement."

Mr. Zalinski's talk, directed particularly to the more than 100 of the new New York City CLUs who were present at the luncheon, stressed importance of education in life insurance, not merely to the agent himself but to the business and to the public.

"How much thought have you given to the close connection between life insurance and education?" he asked. "Education itself is a form of insurance in that it equips us with the means to enjoy life and earn a livelihood. Education is an essential part of freedom and democracy and the American way of life. Without education they could not exist.

#### A Form of Education

"Life insurance is itself a form of education. It is education in thrift, education in foresight, education in protection against the hazards of death and disability and the threat of poverty in old age.

"But just as education is a form of insurance, life insurance could not exist without education. Life insurance results from a science and is a unique application of the laws of mortality, annuities, and interest earnings to financial needs of men and their dependents. Those who sell insurance must be educated not only in its principles but they in turn must educate their policyholders to understand their needs and the unique values of life insurance in solving these financial needs.

"So education is a form of insurance, and insurance is a form of education. They are inextricably bound together. We must strive to be continuously better educated in life insurance and related subjects, to the end that we in turn can better educate our policyholders to understand and meet their obligations through life insurance."

Chapter President A. Leslie Leonard, dean of the School of Insurance of Insurance Society of New York, presided at the panel discussion and the luncheon.

## N. Y. Committee Told Of Law Need

(CONTINUED FROM PAGE 1)

quirement that out of state insurers must comply substantially with insurance law requirements applicable to domestic insurers."

In the absence of legislation the New York insurance law will continue to have a built-in weakness in its prohibition of fire-casualty acquisitions by one group of life insurers and not by another, said Mr. Thacher.

"Since the court of appeals handed down its decision my staff and I have been deeply and seriously engaged in consideration of all the implications of this decision. I can assure you they are remarkably complex, and I am not yet prepared to present to the committee the recommendations of the insurance department."

Buist M. Anderson, vice-president and counsel Connecticut General Life, pointed out that the immediate effect of the appeals court decision was negligible: There was no rush among out-of-state companies to buy up fire-casualty companies, and there will be none until the situation can be clarified in other states.

Continuing on a line of argument that the effect of the court decision

would necessarily be a limited one, Mr. Anderson said that 38 companies were affected by the ruling—other licensed companies being either Canadian or domestic—and of those 20 are mutuals, none of which had expressed any interest in the fire and casualty business. Ten of those remaining already have some kind of an affiliation with a general lines insurer. This leaves only eight companies, some of which are prevented in their own states from making such a move.

On the question of the rights of New York-based life companies, Mr. Anderson feels it is only fair for all companies to operate in New York with competitive equality.

Representatives of a number of other insurers were questioned on their companies' positions relative to the Connecticut General decision. The uniform answer was approval of some sort of legislation allowing New York-insurers to buy or form general lines subsidiaries. Adelbert G. Straub Jr., 2nd vice-president New York Life, read a statement of Clarence J. Myers, president of the company, made before the joint legislative committee in January, 1960. The statement called

for "adequate safeguards against excessive total investment in any such affiliate in relation to total surplus of the parent life insurance company." Otherwise New York Life still approves of a change in the present law.

#### Finished Deliberations

Eldon Wallingford, associate general counsel Life Insurance Assn., said that a committee of his association had finished its deliberations since the announcement of the appeals court decision. This amounted to another vote for the domestic insurers.

Daniel J. Reidy, vice-president and general counsel Guardian Life, and Gerhard A. Munch, assistant general counsel, stated their companies' support of the idea. None of the companies except Connecticut General expressed interest in doing any buying for their own benefit. Mr. Anderson said Connecticut General is continuing to look around for a suitable company to acquire.

General American Life's Cooley agency, Amarillo, Tex., led all other agencies in the amount of individual life insurance sold during September.

## ACTUARIES

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## MASSACHUSETTS MUTUAL FIELD FORCE

*Annual Audit*

OF

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**How much do they earn?**

The 1960 average earnings of Massachusetts Mutual full-time representatives with five or more years experience was \$13,505.

The top 100 averaged \$28,387.



**With whom do they deal?**

Our clients — individuals and business organizations — buy over a billion dollars of new ordinary life insurance each year, plus almost half a billion of group. Our average ordinary policy in 1960, excluding those issued in pension plans, was \$15,952. Business Insurance accounted for almost \$175 million of our 1960 new business, and premiums from pension and profit sharing plans totaled over \$57 million. We now have 48 clients each owning a million or more of Massachusetts Mutual life insurance.



**What is their standing in the field?**

Our Field Force receives an unusually high proportion of the top honors among all life insurance men and women — a good indication of the caliber of the persons associated with the company.

1 in 3 won the National Quality award last year.

1 in 7 are Chartered Life Underwriters — which means they have successfully completed the comprehensive study course and met the professional standards of the American College of Life Underwriters.

1 in 10 qualified for the 1961 Million Dollar Round Table.

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Massachusetts Mutual men and women are successful in their chosen field and enjoy the rewards of working among successful clients with colleagues whose education and background are similar to their own.

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